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100th Congress, 1st Session

H. Rept. No. 100-433 S. Rept. No. 100-216

Report of the Congressional Committees Investigating the

Iran-Contra Affair

Appendix B: Volume 13

Depositions

Lee H. Hamilton, *Chairman*,
House Select Committee
Daniel K. Inouye, *Chairman*,
Senate Select Committee

U.S. House of Representatives
Select Committee to Investigate
Covert Arms Transactions with Iran

U.S. Senate Select Committee
On Secret Military Assistance to Iran
And the Nicaraguan Opposition

November 13, 1987.—Committed to the Committee of the Whole House
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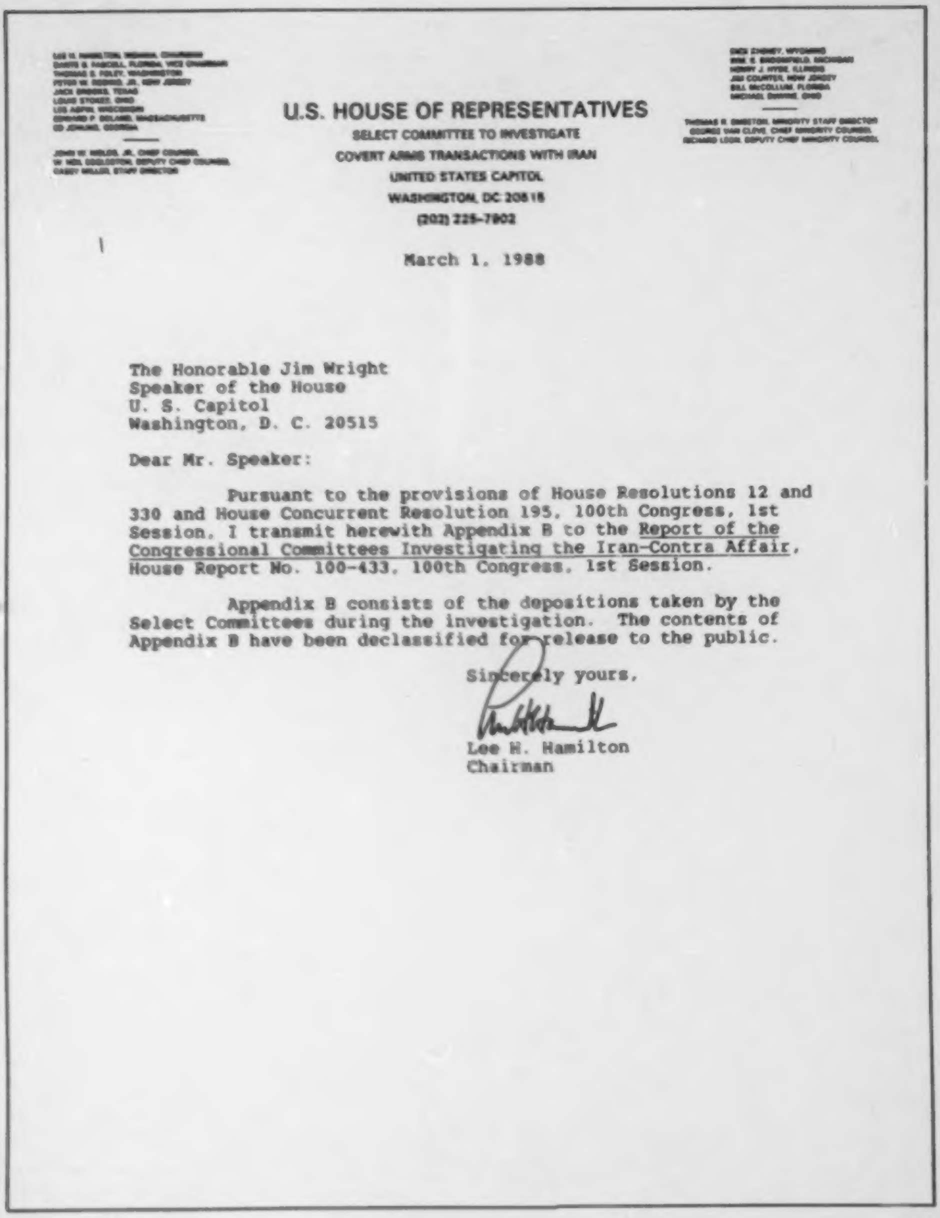


U.S. HOUSE OF REPRESENTATIVES
SELECT COMMITTEE TO INVESTIGATE
COVERT ARMS TRANSACTIONS WITH IRAN
UNITED STATES CAPITOL
WASHINGTON, DC 20515
(202) 225-7902

March 1, 1988

The Honorable Jim Wright
Speaker of the House
U. S. Capitol
Washington, D. C. 20515

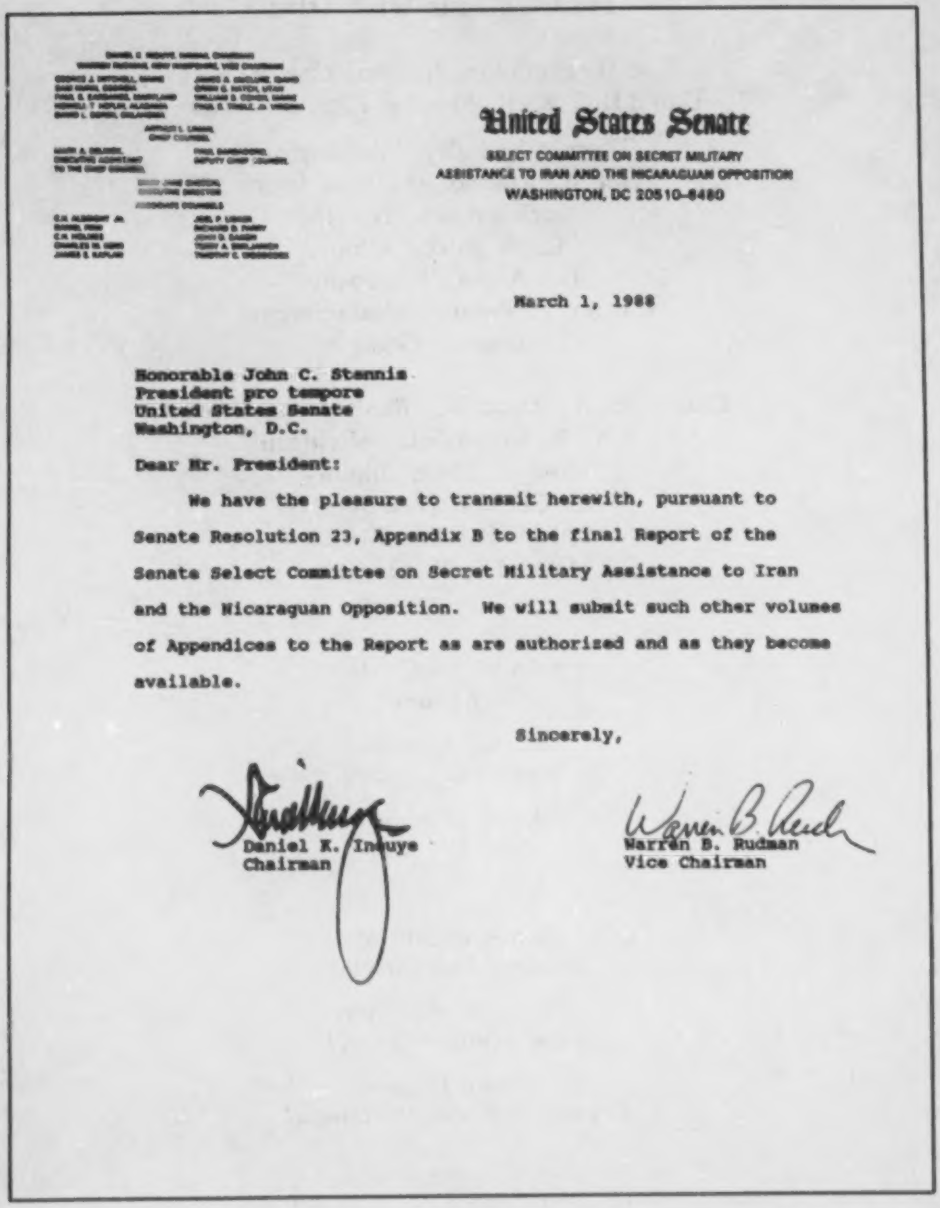
Dear Mr. Speaker:

Pursuant to the provisions of House Resolutions 12 and 330 and House Concurrent Resolution 195, 100th Congress, 1st Session, I transmit herewith Appendix B to the Report of the Congressional Committees Investigating the Iran-Contra Affair, House Report No. 100-433, 100th Congress, 1st Session.

Appendix B consists of the depositions taken by the Select Committees during the investigation. The contents of Appendix B have been declassified for release to the public.

Sincerely yours,

Lee H. Hamilton
Chairman



United States Senate
SELECT COMMITTEE ON SECRET MILITARY
ASSISTANCE TO IRAN AND THE NICARAGUAN OPPOSITION
WASHINGTON, DC 20510-6480

March 1, 1988

Honorable John C. Stennis
President pro tempore
United States Senate
Washington, D.C.

Dear Mr. President:

We have the pleasure to transmit herewith, pursuant to Senate Resolution 23, Appendix B to the final Report of the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition. We will submit such other volumes of Appendices to the Report as are authorized and as they become available.

Sincerely,

Daniel K. Inouye
Chairman

Warren B. Rudman
Warren B. Rudman
Vice Chairman

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Preface

The House Select Committee to Investigate Covert Arms Transactions with Iran and the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition, under authority contained in the resolutions establishing them (H. Res. 12 and S. Res. 23, respectively), deposed approximately 290 individuals over the course of their 10-month joint investigation.

The use of depositions enabled the Select Committees to take sworn responses to specific interrogatories, and thereby to obtain information under oath for the written record and develop lines of inquiry for the public hearings.

Select Committees Members and staff counsel, including House minority counsel, determined who would be deposed, then sought subpoenas from the Chairmen of the Select Committees, when appropriate, to compel the individuals to appear in nonpublic sessions for questioning under oath. Many deponents received separate subpoenas ordering them to produce certain written documents.

Members and staff traveled throughout the United States and abroad to meet with deponents. All depositions were stenographically reported or tape-recorded and later transcribed and duly authenticated. Deponents had the right to review their statements after transcription and to suggest factual and technical corrections to the Select Committees.

At the depositions, deponents could assert their fifth amendment privilege to avoid self-incrimination by refusing to answer specific questions. They were also entitled to legal representation. Most Federal Government deponents were represented by lawyers from their agency; the majority of private individuals retained their own counsel.

The Select Committees, after obtaining the requisite court orders, granted limited or "use" immunity to about 20 deponents. Such immunity means that, while a deposed individual could no longer invoke the fifth amendment to avoid answering a question, his or her compelled responses – or leads or collateral evidence based on those responses – could not be used in any subsequent criminal prosecution of that individual, except a prosecution for perjury, giving a false statement, or otherwise failing to comply with the court order.

An executive branch Declassification Committee, located in the White House, assisted the Committee by reviewing each page of deposition transcript and some exhibits and identifying classified matter relating to national security. Some depositions were not reviewed or could not be declassified for security reasons.

In addition, members of the House Select Committee staff corrected obvious typographical errors by hand and deleted personal and proprietary information not considered germane to the investigation.

In these *Depositions* volumes, some of the deposition transcripts are followed by exhibits. The exhibits – documentary evidence – were developed by Select Committees' staff in the course of the Select Committees' investigation or were provided by the deponent in response to a subpoena. In some cases, where the number of exhibits was very large, the House Select Committee staff chose for inclusion in the *Depositions* volumes selected documents. All of the original exhibits are stored with the rest of the Select Committees' documents with the National Archives and Records Administration and are available for public inspection subject to the respective rules of the House and Senate.

The 27 volumes of the *Depositions* appendix, totalling more than 30,000 pages, consist of photocopies of declassified, hand-corrected typewritten transcripts and declassified exhibits. Deponents appear in alphabetical order.

Publications of the House and Senate Select Committees

Report of the Congressional Committees Investigating the Iran-Contra Affair, 1 volume, 1987.

Appendix A: *Source Documents,* 2 volumes, 1988.
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All publications of the Select Committees are available from the U.S. Government Printing Office.

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4158

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of the

U.S. HOUSE OF REPRESENTATIVES

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DINKEL
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Deposition of Albert Hakim

House Select Committee to
Investigate Covert Arms
Transactions with Iran, jointly
with the Senate Select Committee
on Secret Military Assistance to Iran
and the Nicaraguan Opposition

Monday, April 20, 1987

Declassified/Released on 6 JAN 88
under provisions of E.O. 12356
K. Johnson, National Security Council

The deposition of Albert Hakim was convened in the law offices of Paul, Weiss, Rifkind, Wharton & Garrison, 199, Boulevard Saint-Germain, 75007, Paris, France at 10:05 a.m. Present were:

Representative Dick Cheney, on behalf of the House Select Committee to Investigate Covert Arms Transactions with Iran, and Senator James A. McClure, on behalf of the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition.

On behalf of the House Select Committee to Investigate Covert Arms Transactions with Iran: John Nields, Chief Counsel; George Van Cleve, Deputy Minority Counsel; James J. Black, Investigator.

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On behalf of the Senate Select Committee on Secret

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Military Assistance to Iran and the Nicaraguan Opposition: Cameron H. Holmes, Associate Counsel; Louis Zanardi, Investigator; John Cronin, Chief Accountant.

On behalf of the witness: N. Richard Janis and Lawrence H. Wechsler, Janis, Schuelke & Wechsler, 1728 Massachusetts Avenue, N.W., Washington, D.C. 20036.

Also present via telephone conference call: Representative Lee H. Hamilton, Chairman, House Select Committee to Investigate Covert Arms Transactions with Iran, and Senator Daniel K. Inouye, Chairman, Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition.

Also Present: Joseph S. Iseman, Paul, Weiss, Rifkind, Wharton & Garrison, 199, Boulevard Saint-Germain, 75007, Paris, France.

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DINKEL/mag

10:05 a.m.

MR. HAMILTON: We are waiting.

MR. NIELDS: The first item of business is to swear the witness.

MR. CHENEY: We are here today to convene a joint meeting of the House and Senate Select Committees on the Iranian matter and to take testimony from one Albert Hakim.

I would like to begin, first of all, on behalf of the House Committee by swearing the witness. I would ask Mr. Hakim to stand and respond to the following oath.

(The witness was sworn by Mr. Cheney.)

SENATOR MCCLURE: May I, on behalf of the Senate Committee, administer the same oath, Mr. Hakim?

(The witness was sworn by Senator McClure.)

Whereupon,

ALBERT HAKIM

was called as a witness and, having been duly sworn, was examined and testified as follows:

EXAMINATION

BY MR. NIELDS:

Q Mr. Hakim, this is a joint proceeding being conducted by the Select Committee to Investigate Covert Arms Transactions with Iran of the United States House of Representatives and the Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition of the United States Senate.

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The House Select Committee proceeding is a deposition conducted pursuant to Committee Rule 7, and the Honorable Dick Cheney, the committee's ranking minority member, is presiding.

The Honorable Lee H. Hamilton, Chairman of the House Select Committee, is listening to this deposition on a speaker phone telephone hook-up and is prepared tc make rulings over the speaker phone if it becomes necessary to do so.

Mr. Chairman, can you hear us?

MR. HAMILTON: We can hear you, John, only faintly. I think it would help if you speak up.

MR. NIELDS: I will talk louder, and I will ask others to do the same.

MR. HAMILTON: That is much better.

MR. NIELDS: The Senate Select Committee proceeding is a hearing being conducted pursuant to its rules with the Honorable James A. McClure presiding.

The Honorable Daniel K. Inouye, Chairman of the Senate Select Committee, is also listening to this deposition on a speaker phone telephone hook-up and is also prepared to make rulings over the speaker phone if it becomes necessary to do so.

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Mr. Chairman, can you also hear me?

SENATOR INOUYE: Yes, I can hear you very clearly.

MR. NIELDS: Thank you.

I am John Nields, Jr., Chief Counsel of the House Select Committee, and by written authorization of Chairman Inouye, I am authorized to ask questions on behalf of both committees simultaneously.

The House Committee is also represented by George Van Cleve and the Senate Committee by Cameron Holmes, both of whom are in the room with us.

I am marking for the record as Exhibits 1 and 2 of this deposition copies of subpoenas issued by each committee to you, Mr. Hakim, and I will ask your attorney, Richard Janis, whether Mr. Hakim authorized the firm of Janis, Schuelke & Wechsler to accept service of these subpoenas in the United States, whether the firm has, in fact, accepted service of these subpoenas, and whether Mr. Hakim is testifying today pursuant to these subpoenas.

MR. JANIS: The answer to all your questions, Mr. Nields, is yes.

(Exhibit Nos. 1 and 2 were marked for identification.)

BY MR. NIELDS:

Q Mr. Hakim, these committees are inquiring into the sale of TOW missiles and Hawk missile spare parts by the United States to agents and officials of the government of Iran.

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Specifically, the committees want to know what happened to the money paid for those missiles.

Do you have any knowledge of such transactions?

A On the advice of counsel, I must respectfully decline to answer that question on the basis of my rights under the Fifth Amendment to the Constitution of the United States.

Q Mr. Hakim, the committees are inquiring also into the source of funds which supported the military efforts of the anti-government forces in Nicaragua.

Do you have any knowledge concerning the source of funding for those efforts?

A On the advice of counsel, I must respectfully decline to answer that question on the basis of my rights under the Fifth Amendment of the Constitution of the United States.

Q Mr. Hakim, do you have an interest in a company called Lake Resources?

A On the advice of counsel, I must respectfully decline to answer that question on the basis of my rights under the Fifth Amendment to the Constitution of the United States.

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Q Mr. Hakim, do you have an interest in any of the following companies: Energy Resources; Hyde Park Square; Gulf Marketing Consultants; Dolmy Business; Udall; Albon

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Values; or ToyCo.

A On the advice of counsel, I must respectfully decline to answer that question on the basis of my rights under the Fifth Amendment to the Constitution of the United States.

Q Do you know whether any banking records of these companies exist other than in the possession of a bank?

A On the advice of counsel, I must respectfully decline to answer that question on the basis of my rights under the Fifth Amendment to the Constitution of the United States.

Q Do you have access to any records relating to monies contributed for the purpose of aiding anti-government forces in Nicaragua?

A On the advice of counsel, I must respectfully decline to answer that question on the basis of my rights under the Fifth Amendment to the Constitution of the United States.

Q Do you have access to any records relating to the proceeds from sales of arms by the United States to Iran?

A On the advice of counsel, I must respectfully decline to answer that question on the basis of my rights under the Fifth Amendment to the Constitution of the United States.

Q Can you identify any bank accounts into which such monies were put either directly or indirectly?

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A On the advice of counsel, I must respectfully decline to answer that question on the basis of my rights under the Fifth Amendment to the Constitution of the United States.

MR. NIELDS: At this time, I would request that the presiding officer of this deposition communicate to the witness an order of immunity issued pursuant to Title XVIII United States Code Section 6000 and sections following 6001 so that we may obtain answers to these questions.

MR. CHENEY: Mr. Hakim, I am hereby communicating to you an order issued by the United States District Court for the District of Columbia, at the request of the House Select Committee to Investigate Covert Arms Transactions with Iran, providing that you may not refuse to provide any evidence to this committee on the basis of your privelege against self-incrimination, and providing further that no evidence or other information obtained under the order -- or any information directly or indirectly derived from such evidence -- may be used against you in any criminal proceeding.

I, therefore, direct you to answer the questions put to you.

MR. NIELDS: At this time, I would like to mark as deposition Exhibit No. 3 the order which the -- Mr. Cheney, the presiding officer, has just communicated to the witness.

MR. JANIS: Congressman Cheney, I am instructing my client to continue to refuse to respond to those questions.

You are seeking to compel Mr. Hakim to testify as to whether he has an interest in various companies and control over their banking records, if there are any.

If Mr. Hakim admits an interest in any of those companies and then admits that he has access to banking or other records, this committee will, in turn, use those answers to compel him to identify and to produce banking or other records.

Thus, Mr. Hakim will not receive protection coextensive with the Fifth Amendment, nor will his Fifth Amendment rights be protected unless not only his testimony about the records but also the records themselves and any information directly or indirectly derived from the records are also covered by the immunity order.

MR. NIELDS: I would request a ruling from the Chairman at this time on the objection of Mr. Janis.

MR. HAMILTON: The order as the immunity statute provides not only that Mr. Hakim's testimony may not be used against him, but also that any other information directly or indirectly derived from his testimony may not be used against him.

Other information is defined in the statute, Section 6001(2), to include any book, paper, document, record or other material. The immunity order, therefore, applies not only to his testimony but also to any documents, including banking records which he discloses through his testimony or admits are in existence and under his control and which the committee directs him to produce as a result.

Since no direct or indirect use may be made in any criminal case of Mr. Hakim's testimony or the banking or other records derived from the testimony given under the direction of the committee, nor may any use be made of the records themselves or of any information derived directly or indirectly from the records themselves, pursuant to the authority vested in ~~my~~ me by the Committee Rule 7.4, I direct Mr. Hakim to answer the questions put to him at this hearing.

MR. NIELDS: I would ask that the presiding officer of the hearing being conducted by the Senate Committee -- that is Senator McClure -- likewise communicate to the witness an order of immunity issued under Title XVIII, Section 6001 and sections following.

SENATOR MCCLURE: I, James A. McClure, have been designated by Chairman Daniel K. Inouye to serve as acting chairman for this executive session.

I concur in Chairman Hamilton's ruling made on

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behalf of the House Committee.

On behalf of the Senate Select Committee, I also direct Albert Hakim to answer the questions put to him at this hearing.

MR. NIELDS: The Chairman of the Senate Committee is also on the speaker phone, and I would ask whether he also concurs in that ruling.

SENATOR INOUYE: This is Senator Inouye speaking to you from Washington. I likewise communicate to you an order issued by the United States District Court for the District of Columbia at the request of the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition, providing for use and derivative use immunity for Mr. Hakim.

On behalf of the Senate Select Committee, I concur with Chairman Hamilton's ruling on your objection and the reason he cites for his ruling.

MR. JANIS: On the basis of the committees' rulings, I am constrained to instruct my client to respond to the committees' questions.

MR. NIELDS: We will pause briefly while the House immunity order is marked Exhibit 3, the Senate immunity order is marked Exhibit 4, and a letter designating Senator McClure as acting chairman is marked Exhibit 5.

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(Exhibit Nos. 3, 4, and 5 were
marked for identification.)

BY MR. NIELDS:

Q The exhibits have been marked.

Mr. Hakim, do you have any knowledge about the source of funds raised for the purpose of aiding anti-government forces in Nicaragua?

A Yes.

Q Do you have any knowledge about the disbursement of those funds on behalf of the anti-government forces in Nicaragua?

A Yes.

Q Do you have any knowledge about the receipt of proceeds of the sale of TOWs and Hawk spare parts to Iran?

A Yes.

Q Do you have any knowledge about the expenditure of proceeds of the sale of TOWs and Hawk spare parts to Iran?

A Yes.

Q Do you have any knowledge about the expenditure of funds with regard to efforts to re-establish relations between the United States and Iran and to obtain the release of United States hostages in Lebanon?

A Yes.

Q With respect to the source of funds raised for the purpose of aiding anti-government forces in Nicaragua, do you have specific knowledge of bank deposits?

A Yes.

Q With respect to the disbursement of money raised for the purpose of aiding anti-government forces in Nicaragua, do you have specific knowledge of bank disbursements?

A Yes.

Q With respect to the receipt of proceeds of the sale of TOWs and Hawk spare parts to Iran, do you have specific knowledge of bank deposits?

A Yes.

Q With respect to the receipt of proceeds of the sale of TOWs and Hawk spare parts to Iran, do you have specific knowledge of bank disbursements?

A Yes.

Q With respect to efforts to re-establish relations between the United States and Iran and to obtain the release of U.S. hostages in Lebanon, do you have spacific knowledge of bank disbursements?

A Yes.

Q Can you tell us about specific deposits of which you are aware that were made for the purpose of aiding anti-government forces in Nicaragua or as proceeds of the sale of TOWs and Hawk spare parts to Iran?

A Yes.

Q Would you please do so?

A The following deposits were made on or about the following dates: 21st December 1984, Bank American International, New York, $425,000 -- this amount is from Bank of America International New York, 7/1/85, from American Express, Miami -- January 7, 1985, from American Express, Miami, $96,450 -- that is dollars; January 16, 1985, American Express, New York, $337,000; January 17, 1985, SBS, Zurich, $326,545; January 29, 1985, American Express, Miami, $138,000; March 5, 1985, Barclay's Bank, Miami, $1,200,000; on or about March 14, 1985, Barclay's Bank, Miami, $500,000; 29th of March, 1985, Barclay's Bank, Geneva, $3 million; April 23, 1985, Barclay's Bank, Miami, $1,200,000; May 2, 1985, Barclay's Bank, Geneva, order Mr. -- I spell it D-U-C-O-M-M-U-N -- $246,600; April -- May 21, 1985, Barclay's Bank, Miami, $80,243; May 31, Barclay's Bank, Miami, $300,000; July 5, 1985, Barclay's Bank, Miami, $550,000; July 18, 1985, SBS Geneva, $950,000; and on September 20, 1985, from order Sam Loew/Manufacturers Hanover Trust, New York, $1 million; September 23, 1985, I believe, from National Bank, Washington, firm IBS, International -- IBC, sorry -- IBC International Business Communication, $130,000; October 11, I.C., Inc. -- that is 1985 -- I.C., Inc., Barclay's Bank, Geneva, $100,000; November 4, 1985, I believe, from IBC Barclay's Bank through IBC -- through I.C. -- that is I.C., Inc., the one I mentioned before -- $150,000; November 18,

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1985, IC, Inc., Barclay's Bank, Geneva, $48,000; November 20, 1985, there is a payment which I believe is related to the TOWs through Israel, Credit Suisse, Geneva, $1 million.

Q Could that be Hawks through Israel?

A Possible, possible.

Q Okay.

A December 17, 1985, IBC through UBS, Zurich, from -- the amount is $300,000. I believe it could probably be from IBC, and I mentioned that it was from UBS, Zurich.

Now, January 10, 1986, again, I believe, IBC through National Bank, Washington, and UBS, Zurich, $60,000; January 22, 1986, again, I believe, from IBC Barclay's Bank, Georgetown, probably through I.C., $360,000; on February 7, 1986, I believe, from Mr. Khashoggi, a check through BCCI Monte Carlo, $2,500,000; on February 10, 1986, again, I believe, from Mr. Khashoggi, a check from Chase New York for $2,500,000; February 18, again, I believe, Mr. Khashoggi, two checks -- that is 1986, again -- two checks BCCI, $5 million; on February 18, 1986, order of Sam Loew/Manufacturers Hanover Trust, New York, $1 million.

On May 14, 1986, I believe Mr. Khashoggi again, order Trivert -- T-R-I-V-E-R-T -- International/Credit Suisse, $10 million; on May 15, 1986, Discount Bank and Trust, Geneva, $225,000; May 16, 1986, I believe, again, Mr. Khashoggi, order Garnet -- G-A-R-N-E-T -- overseas,

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check BCCI, Paris, $5 million; May 18, 1986, Discount Bank and Trust, Geneva, $1,460,000; on September 24, 1986, order Overseas Trading Consultant, Ltd., UBS, Zurich, $1,200,000; on October 29, 1986 -- this was directly from the Iranians -- a check -- this is the -- what is referred to as the second channel, the check on Deutsch Bank, Frankfurt, for $3,600,000.

And there are other payments on April 10, 1985 from Barclay's Bank, Miami, order Mr. D-U-C-O-M-M-U-N $2 million; on April 15, 1986, I believe it is IBC from I.C., Inc., Barclay's Bank, New York, $649,852; this August 21, 1985 from Colorado National Bank, Denver, order Joseph or Holly Coors, $65,000; on September 3, 1985, from Credit Suisse, New York, order STE General Strauss Turnbull -- T-U-R-N-B-U-L-L -- I believe it is a London bank -- $2,400; on October 23, 1986, from Canadian Imperial Bank, Geneva --

Q 1986 or 1985?

A 1986.

This is from Canadian Imperial Bank; Geneva, Rainbow Star -- no, Star Licensing S.A., $2,525.

All these total up to $47,726,015, and there is also an accumulation of interest which totals to $260,585, and the total of deposits plus interest is $47,963,200, approximately.

The press has reported that on or about August 19 or 20, 1986, the Sultan of Brunei deposited $10 million for

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the benefit of the contras.

Although I was told that a deposit of such an amount would be made without identifying the source, and although our planning was made on the understanding that such a deposit would be forthcoming, and although I continued to inquire about the deposit and was told it would be coming, no such monies were ever received so far as I am aware, and I have no knowledge about the disposition of any such funds.

Q Mr. Hakim, can you tell us about specific payments made on behalf of anti-government forces in Nicaragua or with respect to the sale of TOWs and Hawk spare parts to Iran or with respect to efforts to re-establish relations between the United States and Iran and to guarantee release of U.S. hostages in Lebanon?

A Yes.

Q Would you please do so in a summary form and maybe some examples?

A To the best of my ability to reconstruct the transactions which were complicated and done in order to try to adhere to the instructions I received to try to maintain operational secrecy, approximately $40,190,000 was disbursed or transferred, including disbursements to me -- the amount, I repeat again, is $40,190,000.

MR. CHENEY: 109?

THE WITNESS: Yes.

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BY MR. NIELDS:

Q Okay.

A Was disbursed or transferred. That includes disbursements to me or paid in bank fees.

In addition, approximately $1,236,000 remains in bank accounts, and approximately $6,527,000 is currently on deposit on my behalf with a Swiss fiduciary.

By way of example, after sorting through these complicated transactions, my best analysis is that, one, $12,237,000 was disbursed to account number [redacted] which I believe is or was an account maintained in Switzerland by the U.S. Central Intelligence Agency.

Two, $11,234,598 was disbursed to account number [redacted] at SBS Geneva, which I believe to be an account maintained by a Portuguese arms supplier, Defex.

Three, $3,264,596 was --

Q Would you repeat that number?

A $3,264,596 was disbursed to Southern Air Transport and another $1,540,325 was disbursed to Amalgamated Commercial Enterprises at Banco de Iberoamerica, Panama, and I believe ACE may be a related company to the Air Transport operation.

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Four, $1,579,481 was disbursed to TransWorld Arms, Limited, a Canadian firm, at the Royal Bank of Canada.

Five, $657,304 was paid to EAST, Inc.

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Six million, four hundred ninety-two thousand, six hundred and seventy dollars was paid to Captain Arne -- A-R-N-E -- his last name H-E-R-U-P, captain of the ship Erria.

Seven, an additional $117,176 was paid to S.A. Chartering APS regarding the same ship, Erria, and 110,318 Deutsch marks to Martins Morner and Co., Limited at Midland Bank, London, for insurance on the Erria.

Eight, $226,998 was paid to Arrow Leasing S.A., Geneva.

In addition, by the way, there is an outstanding unpaid invoice from Arrow Leasing for the lease of the plane used in flying hostage David Jacobsen out of Beirut or Cyprus. That invoice is still outstanding, unpaid.

Nine, $200,000 was paid to [redacted] at Barclay's Bank in Miami, which I believe represents payments to the Nicaraguan Democratic Force.

Ten, $127,700 was paid to [redacted] [redacted] a CIA proprietary company that was chartered in November 1985 to deliver Hawks to Iran.

Eleven, $59,500 was paid to [redacted] a contra leader [redacted]

These are some of the examples, as you asked.

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Q What is the basis for your specific knowledge of these deposits and disbursements?

A I made available to individuals involved in the projects you have described a system of companies and organizations, and I participated in the management and operation of that system for which I authorized disbursements of funds.

Q Would you please identify all of those companies?

A Lake Resources, Inc.; ToyCo S.A.; Dolmy Business, Inc.; Udall Research, Inc.; Albon Values Corporation; Hyde Park Square Corp.; Gulf Marketing Consultants, Limited; and Engineering Resources International S.A.; and other companies.

Q Do you have access to any banking records relating to monies raised for the purpose of aiding anti-government forces in Nicaragua?

A Yes.

Q Do you have access to banking records relating to the proceeds of sales of arms to Iran?

A Yes.

Q Do you have access to any banking records relating to efforts to re-establish relations between the United States and Iran and to gain the release of U.S. hostages in Lebanon?

A Yes.

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Q Do you have access to other records necessary to

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trace the control and flow of funds relating to monies raised for the purpose of aiding anti-government forces in Nicaragua with respect to the proceeds of sales of arms to Iran and with respect to efforts to re-establish relations between the United States and Iran and to gain the release of U.S. hostages in Lebanon?

A Yes.

Q Would these records also serve to corroborate your earlier testimony regarding deposits and disbursements?

A Yes.

Q Do any of the banking or other records you have just acknowledged exist other than in possession of a bank?

A Yes.

Q What records to which you have access and which would relate to and corroborate for us your testimony and to help us trace the control and flow of funds? Please be specific, including the name of any bank accounts, the account numbers, and the identity of the banks at which the accounts were or are maintained.

A I believe that the following records would all be necessary: (a) corporate organization papers, board of director minutes of meetings, and other correspondence and business records of, one, Sci Tech Trading Group, S-C-I T-E-C-H, Trading Group, Inc; two, Defex ~~Defecs~~ S.A., and I must point out this is not the same company in Portugal that was

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paid for arms. This name was used to create confusion.

Three, Stanford Technology Corporation S.A., Panama; four, Stanford Technology Corporation Services S.A., Fribourg.

Q Go slower.

A Okay.

Q The last was Stanford Technology?

A Corporation Services S.A., ~~Presburg~~ Fribourg, Switzerland.

Q Continue.

A Five, Albon Value Corporation; six, Dolmy Business, Inc.; seven, Energy Resources International S.A.; eight, Gulf Marketing Consultants, Limited; nine, Hyde Park Square Corporation; ten, Lake Resources, Inc.; eleven, Stantech Services S.A.; twelve, ToyCo S.A.; thirteen, Udall Research Corporation; fourteen, Korel Assets, Inc.

(B), bank accounts at Credit Suisse Bank, Geneva of, one, Lake Resources, Inc., account number 386430; two, ToyCo S.A., account number 642804; three, ~~Dome~~ Dolmy Business, Inc., account number 207225; four, Udall Research, Inc., account number 649853; five, Albon Value Corporation, account number 108277; six, Hyde Park Square Corporation, account number 339825; seven, Gulf Marketing Consultants, Limited, account number 311225; eight, Energy Resources International S.A., account number 230774; nine, Stantech Services S.A., account number 618349; ten, and the bank statements, debit and credit advices, records of transactions, and deposits and transfers, signature cards, corporate papers, and other bank forms and account records for each of those accounts.

(C), bank statements, debit and credit advices, record and transactions and deposits -- it is records of transactions and deposits and transfers, signature cards, corporate papers and other bank forms and accounts -- account records for the following accounts at other banks.

One, account number CO-268395 of Energy Resources International S.A. at Societe de Banc Suisse, Geneva. That is SBS.

Two, account number 2052659 of Stanford Technology Corporation Services S.A., ~~Freeburg~~ Fribourg, at Trade Development Bank, Geneva.

Three, account number 300518 of Defex S.A. at the Union de Banc Suisse in ~~Freeburg~~ Fribourg; (d), records prepared and compiled for me by a Swiss fiduciary company, Compagnie de Services Fiduciaries, CSF, at my request and in response to my inquiries, including, one, invoices from CSF; two, invoices from vendors and suppliers; three, transaction records with Audifi, S.A., ~~Freeburg~~ Fribourg; four, correspondence; five, handwritten notes and memos; six, receipts; seven, annotations and internal records regarding banking transactions; eight, telexes and payment orders; nine, reconciliations; ten, debit and credit advices; eleven, internal analysis and summaries prepared for me by CSF regarding transactions undertaken by CSF with the accounts I have previously identified and at other accounts maintained by CSF for itself and its customers; twelve, certain records of the Republic National Bank, New York; thirteen, records and analysis of accounts from and portfolios with CSF Investment, Limited, Bermuda; fourteen, computer-generated summaries and accountings and ledgers; fifteen, other related documents.

(E), records of Dolmy Business, Inc., relating to the ship Erria, including, one, summary of the account; two, invoices; three, correspondence; four, employment agreements; five, purchase documents; six, registration documents; seven, other records.

Q Mr. Hakim, if the committee were to serve you with a subpoena for the records that you have just described, could you produce them?

A Yes.

Q With the exception of certain records held under seal in Switzerland, which I have discussed separately with your lawyer, are the records that you just described all of the records to which you have access that relate to the receipt or disbursement of funds relating to the sale of TOWs and Hawks to Iran, to the pursuing of the initiative of the United States towards Iran, and to the raising of an expenditure of monies to support the anti-government forces in Nicaragua?

MR. JANIS: May we have just a moment?

MR. NIELDS: Yes.

MR. JANIS: Mr. Nields, we are prepared to answer th question.

THE WITNESS: Yes, to the best of my knowledge, although it is possible that further analysis of the records I have identified might lead to some additional records.

MR. NIELDS: Thank you.

At this time, I would request the chairmen of the two committees, as well as the two presiding officers at this deposition and hearing, to direct Mr. Hakim to produce within 24 hours to representatives of this committee, these committees, the records which you have just described.

Can the chairmen even ~~here~~ hear me?

MR. HAMILTON: I can hear you.

SENATOR INOUYE: Yes, I am here.

MR. NIELDS: I would request first that the chairmen direct Mr. Hakim to produce to representatives of these two committees within 24 hours the records which he has just described.

MR. HAMILTON: Mr. Hakim, we would so direct you.

SENATOR INOUYE: I concur.

MR. NIELDS: I would also ask the presiding officers

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at this deposition and hearing to do likewise.

MR. CHENEY: Mr. Hakim, speaking for the House, I concur.

MR. MCCLURE: Mr. Hakim, speaking for the Senate hearing, I concur in that direction.

MR. JANIS: Mr. Nields, I take it you are going to also issue subpoenas for these records that will be served in the United States?

MR. NIELDS: That is correct. They will be served pursuant to Mr. Hakim's and your consent on Janis, Schuelke & Wechsler in the United States.

MR. JANIS: Based upon the directives of the committee chairmen and the presiding officers present here at this deposition and hearing, and based upon the service of subpoenas to Mr. Hakim, he will comply with the directives and the subpoenas.

MR. NIELDS: And will Janis, Schuelke & Wechsler accept service on Mr. Hakim's behalf of subpoenas for these records in the United States?

MR. JANIS: Yes.

That is obviously -- I think it is clear that the only subpoenas which we are authorized to accept are the subpoenas specifically identified in this proceeding and not any others.

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MR. NIELDS: At this time, I propose that we adjourn

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this deposition and hearing and permit the two Chairs to go back to their other responsibilities and proceed to the task of obtaining the records and serving the subpoenas.

MR. JANIS: I concur.

MR. NIELDS: Chairmen, thank you very much. I am sorry I imposed so much on your time. I think we can terminate the conference call.

MR. HAMILTON: Thank you very much.

SENATOR INOUYE: Thank you very much.

(Discussion off the record.)

MR. NIELDS: I would like to mark two subpoenas duces tecum addressed to Albert Hakim as deposition Exhibits 6 and 7.

(Exhibit Nos. 6 and 7 were marked for identification.)

MR. NIELDS: The record should reflect that Deposition Exhibit 6 is a subpoena duces tecum addressed to Albert Hakim from the House Select Committee.

Deposition Exhibit 7 is a subpoena duces tecum addressed to Albert Hakim from the Senate Select Committee.

They direct Mr. Hakim to produce the identical documents that he has earlier identified in his testimony and which he has earlier been directed to produce by the Chairs of each committee.

These subpoenas or copies of them are simultaneously

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being served on the law firm of Janis, Schuelke & Wechsler in the United States by telefax, and I think the record should reflect that Mr. Hakim has just now produced seven binders of documents which constitute the documents responsive to the subpoenas and to the earlier direction of the Chairs; is that correct, Mr. Hakim?

MR. JANIS: Excuse me. He is not producing. Once you hand us the subpoenas, he will then produce.

MR. NIELDS: Off the record.

(Discussion off the record.)

MR. JANIS: Based upon my understanding that the subpoena which is now being served on us here today is also -- has also been simultaneously sent to my offices in Washington for acceptance of service, Mr. Hakim is now producing the records. He will hand them to you, Mr. Nields.

MR. NIELDS: Thank you.

The record should reflect that Mr. Hakim has just handed me a bag containing seven binders of documents, and I will ask Mr. Hakim whether those are all the documents called for by the subpoenas and by the Chairs' earlier orders.

THE WITNESS: It is in accordance with my testimony, yes.

MR. NIELDS: Thank you.

I thank you all.

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(Whereupon, at 12:05 p.m., the joint hearing was adjourned.)

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DEPOSITION OF ALBERT HAKIM

Friday, May 22, 1987

U.S. House of Representatives,
Select Committee to Investigate Covert
Arms Transactions with Iran,
Washington, D.C.

4171

The Committee met, pursuant to call, at 10:00 a.m., in Room H-128, the Capitol, with John Nields presiding.

On behalf of the House Select Committee: John Nields, George Van Cleve, John Fletcher, Joseph Saba, Robert Brink, Ronald Points, Nicholas Wise.

On behalf of the Senate Select Committee: Arthur Liman, Cameron H. Holmes, Timothy Woodcock, Louis Zanardi, David Faulkner, ~~Nicholas Wise,~~ Paul Barbadoro, John Monsky.

On behalf of the Witness: N. Richard Janies, Lawrence H. Wechsler, and Clement R. Gagne, III; Janis, Schuelke & Wechsler 1728 Massachusetts Avenue, N.W., Washington, D.C. 20036.

Partially Declassified/Released on 11 JAN 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

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STEIN/bap

Whereupon,

ALBERT HAKIM

having been first duly sworn, was called as a witness herein, and was examined and testified as follows:

MR. NIELDS: Let's come to order so the members who are here can leave.

EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

BY MR. NIELDS:

Q Would you state your name and spell it for the record, please?

A Albert Hakim, A-L-B-E-R-T H-A-K-I-M.

Q Mr. Hakim, did there come a time in the last couple of years when you became involved in the sales of U.S. military equipment to Iran?

MR. JANIS: Mr. Nields, I take it that any questions being propounded to Mr. Hakim and any answers he gives are going to be covered by the immunity orders previously conferred in Paris on April 20?

MR. NIELDS: In fact if he asserts his previous privilege, which I anticipate he will, Chairman Rodino will communicate the immunity order to him right now.

THE WITNESS: On the advice of counsel, I must respectfully decline to answer that question on the basis of my rights under the Fifth Amendment to the Constitution of the United States.

MR. RODINO: Mr. Hakim, I am hereby communicating to you an order issued to the House Select Committee by

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the U.S. District Court for the District of Columbia. The order provides in substance that you may not refuse to provide evidence on the basis of your privilege against self-incrimination. It provides that evidence obtained from you under the order may not be used against you in any criminal proceeding.

A copy of the order is at the witness table. Pursuant to the order, I direct you to answer the questions put to you.

MR. RUDMAN: (by telephone) Good morning, Mr. Hakim. This is Senator Rudman, Vice Chairman of the Senate Committee. I have in front of me an order issued by the U.S. District Court of the District of Columbia directing you to tell your testimony on the basis of limited immunity. It is very similar, if not identical, to the House order.

Are you familiar with that order?

THE WITNESS: I am familiar with the House order, but I don't know the difference between --

MR. RUDMAN: Shall I read the order to you?

THE WITNESS: I have a copy in front of me, sir.

MR. RUDMAN: You have a copy of the Senate Order in front of you?

THE WITNESS: That is correct.

MR. RUDMAN: Do you understand that order is the

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same as the House order in that it compels you to testify on behalf of the Senate and the House?

THE WITNESS: I understand that, sir.

MR. RUDMAN: Then I hereby direct you to answer all questions that may be put to you by counsel for the House and the Senate. Are you prepared to do that?

THE WITNESS: I am prepared to do that, sir.

MR. JANIS: Mr. Nields, just so I can be satisfied with the record, may I ask that the court reporter read back so I can here what Senator Rudman said?

MR. NIELDS: Yes, you may.

(The record was read by the reporter.)

MR. JANIS: On the basis of the immunity orders previously entered in this case and communicated on April 20, 1987, and communicated again this morning, my client -- I am instructing my client that he is compelled to answer any ~~questins~~ questions placed to him except questions for which we believe a valued privilege is applicable and if that happens I will assert such a privilege.

You are now compelled to answer the questions pursuant to the grants of immunity.

MR. NIELDS: I think I should state for the record that this is a joint or simultaneous proceeding, both a House Select Committee proceeding and a Senate Select proceeding, and there are representatives of both

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--

committees present, and immunity orders on behalf of both committees have just been communicated.

BY MR. NIELDS:

Q Mr. Hakim, I think I asked you prior to the communication of the immunity orders whether there had come a time in the last couple of years when you had become involved in the transfer of U.S. military equipment to Iran. I take it the answer to that is yes.

A That is correct, sir.

Q Before we get into the details of that, I would like to ask you some just background questions about yourself. Could you tell us where you were born?

A I was born in Tehran, Iran.

Q When was that?

A It was July -- the 16th of July 1936.

Q How long did you live in Iran?

A Well, except the period that I spent in the U.S. going to school, I lived most of my life in Iran, and there was a period that I resided in Europe, just outside of Geneva. So I lived most of my life in Iran.

Q Now I take it you lived most of your life in Iran up until a particular point in time?

A There were two periods that my stay in Iran was not on a continued basis. One was, I believe, some time in 1974-75 when I started to reside in France outside

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of Geneva at the border, where I owned a house and my kids were going to school there in Switzerland, and I had my place of business in Geneva. And then also the time came after the Iranian revolution that I moved to -- from actually -- from France for personal reasons I moved to the U.S., not because of the revolution -- I had marital problems and I moved to the U.S. to be close to the rest of my family.

Q Perhaps you could just give us a brief description of your education and after that I will ask you a little bit about your occupation.

A I had most of my primary and high school education in Tehran, Iran. The last year of high school I attended the senior year of my high school in San Luis Obispo, and two or three years at the University of California State Polytechnic College in electronics.

I returned to Iran during the time that the Prime Minister of Iran the, Dr. Amini, was as he put it, tightening the belt of the country because of the financial problems, and I was the so-called government foreign exchange -- I was benefitting from a reduced rate of exchange because of the tests that I took and passed. So they stopped that, and as a result of that I returned to Tehran.

Q In other words, you interrupted your education in the U.S. because of this financial situation that you just described?

A That is correct, sir.

Q Did you continue your education in Tehran after that?

A No. I started with my professional life. I worked with my father in general trading and insurance and real estate for a while, and the opportunity came about, I believe, around 1963 -- I may be off a year -- that I started to work for an American individual who had an Iranian company in Tehran engaged in the business of electronics and I started to work in that organization.

That organization's name was Telecom Limited. And there came a time that I grew in the company to become the general manager of the organization, and also owned 25 percent of the company.

During the time of negotiating the transfer of the stock for that percentage, we did not reach a final agreement with the owner then, and that is when I separated from Telecom Limited and started my own company, Multicorp International.

Q Multicorp?

A Yes, two words.

Q Before you go on to that, who was the -- you mentioned a U.S. citizen who was the principal of Telecom.

A That is correct.

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Q Who was that?

A Moshe Bassin, B-A-S-S-I-N.

Q When did you cease to be associated with Teleccm, approximately what year?

A I believe in 1971-72, about then.

Q Had you started in 1963?

A Working with that company, that is correct.

Q You said it was in the electronics business. Does that mean it was in the business of selling electronic equipment?

A That also. In that company, basically, we were representative of a number of American companies in Iran for sales distribution and post sales maintenance of those equipments.

Q So that you represented a number of different electronic manufacturers in the U.S.?

A That is correct. In Iran, but they were American firms.

Q I understand. Did Telecom have any other business besides representing American manufacturers of electronic equipment?

A As I mentioned, we did maintenance work. We had some engineering capability -- limited, but we did have some engineering capability.

Q Anything else?

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A Not that I was aware of. It was wholly owned by Mr. Bassin.

Q Were the companies -- I take it you represented these American companies in connection with sales to purchasers in Iran?

A That is correct. The way it worked out we had -- we were commissioned agents. I really don't distinguish between agent and representative in this business. We were representatives for those companies, agents, if you will, and we had a commission coming to us. The companies collected what was coming to them and the balance was the income of our company.

Q And were the sales to government agencies, private organizations or both?

A I should explain to you that the concentration of my business throughout my professional career has been focused on governments being my main clients, for two reasons; one is because of the nature of the products that I dealt with, and the other reason was because of the structure of those ~~countizes~~ countries, that I dealt with.

At first in Iran, being a form of a monarchy then, almost everything belonged to the government, so in one form or another you dealt with the government. But I dealt also later on with companies that belonged to the government.

In other words, they were structured as a private organization, but stockholders were various government agencies.

Q I don't think I asked you specifically during what years you were being educated in the U.S.

A 19 -- I believe I came to the U.S. in 1955 or 1956 -- I believe it was 1956-- and I returned to Tehran, if I am not mistaken, towards the end of 1959, early 1960.

Q Okay. So I take it it was approximately 1972 that you formed Multicorp?

A About that time. Again I may be off a year.

Q What was the business of Multicorp?

A The business of Multicorp was an expanded form of Telecom business. By expanded, I mean that the company was structured differently in the form that it was from conception meant for Multicorp to effectively act as a holding company, not in the legal sense, but from an operational sense. And that is why I chose the name Multicorp, because it was intended to have a multiple number of corporations with the intent of creating a group of companies, each company being active in a separate sector of our government business.

We expanded -- originally in Telecom the concentration was on communications. We represented, for instance, Motorola, among other companies, Hewlett-Packard that manufactured the test equipment. When I started my own company, some of those companies that were with Telecom Limited recognized my value and my departure from Telecom, and they chose to terminate their relationship with Telecom and enter into an agreement with me.

For instance, Hewlett-Packard did so.

Q With you means with Multicorp?

A With Multicorp, yes. And Hewlett-Packard, for instance, has a number of disciplines as far as products are concerned, and I tried to grow, if you will, horizontally and have different modules attending to different types of activities, and one of our activities concentrated on medical.

Later on we formed various companies to deal with these various activities. We got involved in education, heavily involved in that area, vocational training, again dealing with the government. I formed a separate company, Multicorp International Services, and the idea was to provide technical services to our clients. It got to a point that Multicorp and the associated companies and affiliated companies -- in total we had, I believe, a total of 150 employees, mostly technical.

We had quite a bit of test equipment. We had created in the private sector the only calibration in the country, as a matter of fact in the region in that part of the world.

Q What is a calibration center?

A A calibration center is a facility where you calibrate the test equipment that are used to test various electronics equipment. They need to be calibrated so their work would be more precise. So we went through the expense of creating such a facility. By the way, I understand all those facilities are being used by the universities now in Iran.

It was highly technical. I have for all my professional life been working in the area of high technology.

Q Just to review what you have just told us about Multicorp. I take it one of the things that Multicorp did was represent -- continue to represent U.S. manufacturers of electronic equipment in sales to the government of Iran.

A As well as Europeans. By this time we had grown and we had more than 50, 60 companies that we represented. There were also Europeans in there.

Q Then you mentioned the medical area. Was that also a situation in which you represented manufacturers of medical equipment who sold to the government of Iran?

A The concept that I pursued, Mr. Nields, was to create systems capability within Multicorp. I wanted my company to get to a point that it would not depend solely on earning commissions. I wanted to have substance, more than sales in the company. So with regard to the medical area, we created a capability that we were able to bid and actually execute turnkey projects in equipping a complete hospital -- not only supplying the equipment, but designing it and packaging the whole thing from A to Z for a hospital.

Q Did this involve any manufacturing?

A That part of the systems work I did not concentrate on creating the manufacturing capability, but in the other area of mostly communications and what I call the intelligence collection area, we started to create manufacturing capability. But with the facilities that we had, I could not go far in Iran with having that capability, so that was when I chose to start to manufacture --

Q What precisely did you manufacture?

A In Tehran?

Q Yes.

A It was -- in systems work you do not manufacture any one complete unit. You manufacture what we call the interface equipment that you do not normally find as a separate and independent unit. So you try to interface two pieces of equipment -- for instance, to give you an example, if you wanted to interface a reserve with a tape recorder, you needed some facilities to interface those. Those were the kind of things that you tried to manufacture, unsuccessfully.

Q Did you say unsuccessfully?

A That is correct -- in Tehran. By this time I was residing in Europe, and I formed --

Q Before we get to that, I want to make sure we have just understood the different things that Multicorp did. You have mentioned the acting as agent for U.S. manufacturers of electronic equipment. You have mentioned the similar capacity with respect to medical equipment, and you have said that you also put systems together and packaged them and sold them, I take it, as a package to hospitals and other buyers of medical equipment; am I correct?

A That is correct. Also in the area of vocational training, we did the same type of packaging.

Q Okay. Vocational training. Who was the provider or supplier of the vocational training?

A Mostly Europeans, French and Italian. They are quite good in that area.

Q Was there anything else that Multicorp actually did while you ran it?

A That is what I was trying to say about our manufacturing capability. Since we did not succeed in having the manufacturing capability in Iran, that was when I decided to create that capability in the U.S. At the time I was living in Europe. My business had expanded to cover other areas than Iran-France. I had the responsibility for Hewlett Packard for the Kuwaiti market. So I formed Stanford Technology Corporation S.A., who purchased the facilities of a bankrupt company in the U.S. in the Silicon Valley -- the subsidiary was bankrupt, by the way -- it was called International Imaging Systems.

It was referred to as I Squared S. I bought the facilities of that division or that subsidiary and formed Stanford Technology Corporation U.S. as a wholly owned subsidiary of Stanford Technology S.A. in Geneva, and we added manufacturing capability to Maco, but outside of the U.S.

Q What period of time -- let me withdraw that questio
When did you form Stanford Technology Corporation S.A.?

A I believe either late 1973 or early 1974.
1974 -- I cannot be quite sure.

Q I think you mentioned that you had moved from Iran to Geneva at that point in time?

A I maintained residence in both places. I had my place of residence in Iran and I had my place of residence in Europe and I owned homes in both places.

Q Staying just with Multicorp for a moment, did Multicorp engage in any other business activities other than the ones you have already described?

A In addition to representation of companies, we

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continued to provide technical services, systems work. I can not remember any -- I don't think it was within a group of companies of MCI that we got engaged in other activities. I personally got involved in the real estate and hotel business basically because my father was in that business. But Multicorp pretty much stayed in that business.

Q When you say Multicorp stayed in that business, you mean the other businesses that you described?

A The representation, ~~providng~~ providing technical services, systems, and all in the area of electronics, although sometime later it changed. We were asked to add additional capability to our line of activities as far as representation is concerned.

Q What was the business of Stanford Technology Corp S.A.?

A Stanford Technology Corp S.A. was the owner of Stanford Technology U.S.A., basically because I was there. I was running my business from Switzerland, so the company was there. I did the banking side of the business through Stanford Technology S.A. for the contracts that they entered into. I had no involvement in the operation and management and running of Stanford Technology USA. SDCUSA had its own structure: President, Vice President, acceptable in the U.S., so we did the marketing, the international marketing. Stanford Technology S.A. effectively --

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Q Stanford Technology S.A. was a holding company for Stanford Technology U.S.?

A Yes, but at the same time it did marketing for Stanford Technology USA.

Q What was the business of Stanford Technology U.S.?

A Well, at the beginning it focused on systems -- as a systems house trying to put various systems together --

Q What kind of systems?

A Communications, intelligence collections systems, again, part of communication.

Q What type of intelligence collection systems?

A Receiving stations, receivers covering a wide spectrum of frequencies, and using computers and tape recorders to several transmissions and record them and then give the capability to the client, to the customer, to the user.

Q Who were the clients of Stanford Technology U.S.?

A Again, the government, as I mentioned earlier.

Q Which government?

A The Iranian government at that time, although Stanford Technology S.A. within its own structure and within its own marketing effort tried to open up new markets, and they had the charter to do so. And they -- for instance, they approached the Egyptian market. They

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approached the Lybian market. A number of other areas that they --

Q Did it acquire any other customers besides the government of Iran?

A I am coming to the next category of activities. I mentioned earlier that we purchased the facilities of I Squared S, and this bankrupt had dealt with a technology that is referred to as image processing, or we refer to it as image processing.

The work of I Squared S was incomplete in finishing the research development and manufacture of the products that they were after. We started to also, at a lower pace, complete those products that remained incomplete. We continued with our research development, and when the business of systems in STC slowed down -- the systems business is a very risky business because you create -- you mobilize and you get a lot of people, and if you don't get continuation --

Q When you say systems business now are you still on the collection of communications, intelligence?

A Communications and intelligence, yes. It is a risky business because you mobilize today a very large project and if you don't get into contract to followup with your activities you have all these people who have no work. And that is a big burden.

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Q In other words, you have a particular governmental client that orders a substantial project from you and after it is completed there may or may not be another one to follow?

A To give you an example -- this is actually what happened -- we had a contract with then called Imperial Iranian Air Force, and they were the clients [redacted]

It was the Air Force. It was forced to be handled in two or three phases. The first phase was taken care of and when we still maintained our staff the people-- and we started to negotiate for the second ~~pahse~~ phase, and that second phase was aborted as a result of the American advisor group that advised the Air Force that it was redundant.

[redacted] So the second phase was cancelled. I made a lot of effort to save that, and I was not successful. This is the area that General Secord referred to. That is how he and I [illegible] was over this

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project. He canceled the second phase, which the combination of the second and third phase totaled $23 million, and the project died -- I did not stop from trying to get that project, but the project died because the commander of the Air Force was killed in an accident, and the second commander of the Air Force was also killed in another helicopter accident. So that project, as a result of objection of the advisory group, was abandoned, and I was left with a high overhead and staff of Stanford Technology Corp USA, and that is when we put a lot of effort into developing the image processing end of our activity and completed design development and started to manufacture image processing equipment.

Q What time period was this that you lost the second phase of the contract with the Iranian Air Force?

A I cannot be certain. I believe it was in the timeframe of 1976. It could be 1977 -- 1976.

Q What is image processing?

A What we referred to as image processing is a computerized electronic facility that interprets aerial photography. They take them for agricultural purposes, for mining purposes, forestry. You take the aerial photos, feed it into this image processing system that through false coloring and enhancement gives you an interpretation of what those photos are.

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Q And this was done by a company you have referred to as I Squared S?

A Which was a subsidiary of Stanford Technology Corp USA, I believe.

Q Who were the principals of Stanford Technology USA?

A I have had -- still have -- the policy is that the key employees of the company should have financial motiviation. As a result of that policy, in Iran I gifted or sometimes sold stock to the employees and collected the money through a profit-sharing scheme that I had. I did the very same thing in Stanford Technology Corp. I had two basic partners there. On eof them became the President, and the other one the vice president.

George Holeburg was the President of the company and also a stockholder, and the other one, the vice president of marketing, Richard Ashcroft. They were the key officers of the company. We are still a start-up company, a small company.

Q Were they recruited by you or were they part of the bankrupt organization that you acquired?

A The relationship came about differently. George Holeburg and Richard Ashcroft, they were officers of one of the companies that I represented--Engineering Systems, I believe is the name, and they were in the communications business. They dealt with me and knew about my capabilities during the time they were my principals -- by principals I mean being for the company that I represented. And they were aware of my total business plan, and they offered to join me in this Stanford Technology Corp effort. So it was not really quite recruitment -- it was an agreement that they would come in as partners, and we would start Stanford Technology Corp USA together.

Q Were you equal partners in effect?

A No, I maintained the majority of the stock.

Q And I take it the profits were shared in proportion to stock ownership?

A Unfortunately, the company was not profitable, the STC USA end of it was not profitable. It got --

Q I guess what I am asking you here is what the arrangement was.

A The arrangement -- obviously there would be a profit and we would agree to share the profits. It would have been based on the percentage of stock that we held.

Q Was I Squared S profitable?

A It started to become a substantial activity. I think it was 79-80 that the company started to show some sigr of improvement technically and financially, and by this time Mr. Ashcroft had become the President of the company and Mr. Holeburg had left the organization, and Mr. Ashcroft

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did turn the company around and brought it to a point that a number of venture capitalists were interested in purchasing that image processing capability of the company, and indeed I did sell that portion of the company some time earlier in the 1980's.

Q I take it there came a time when you left Iran, I think you said some time around 1979?

A That was when I stopped going back to Iran. I had lived outside of Iran, as I mentioned, in Europe going back to 1975, 1976. I received a residence permit in France, and I started to live as a resident of France. I came to the U.S. prior to the revolution, just prior to the revolution as the result of personal family problems that I had.

So then -- by then the revolution came about and that is when I stopped traveling to Tehran.

Q And I take it that you operated then Multicorp up until the time of the revolution?

A That is correct.

Q And what happened to Multicorp when the revolution occurred?

A I don't have first-hand knowledge. Through various sources I learned that all assets of the company, also my personal assets, the monies, the fixed assets and all, were confiscated by the government, but technically,

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legally the company still is not ~~disolved~~ dissolved. They are still in existence. It was this facility that attracted General Secord's attention while I was still in the government and in the U.S. in the Pentagon, that prior to my becoming a U.S. citizen, he wanted to use my facilities in Iran for the rescue of the embassy hostages.

That was when I was approached. I don't believe I was even a permanent resident in the U.S. at the time.

Q Let's come back to that. I want to make sure we have covered the period up through the revolution in Iran. You have mentioned Multicorp and its various business activities. You have mentioned Stanford Technology Corp S.A., and its American subsidiaries, and you have mentioned some real estate hotel activities that you carried on in a personal capacity.

Did you engage in any other business activities other than those that I have just mentioned prior to the revolution?

A No. Basically, these were the type of activities that -- I can't recall any.

Q And just to make sure we understand, some time around 1975 or 1976 you began to live principally in France; is that correct?

A I was commuting prior to that. My children, as a result of the family problem, were staying in Switzerland,

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by the way, Hewlett Packard -- the reason I chose Switzerland was because Hewlett Packard was there. I was dealing with Geneva even prior to my moving there, so I had a reason to go to Geneva. And then because of the family problems my kids were sent to ~~bording~~ boarding school in Switzerland, and that is how I started to focus on Geneva.

I was commuting for a year or so before I established residenceship in France.

Q Commuting from where to where, Tehran to Switzerland?

A Tehran to Switzerland.

Q In other words, your wife and children moved to Switzerland?

A My wife was in Iran and the children were in Switzerland and I was commuting between Tehran and Geneva, and that was when I started to expand also my business to other parts of the world beyond Tehran, and I formed a company called Expand Trade S.A. that did general trading -- this is prior to even forming Stanford Technology Corp S.A. So I effectively tried because of my family situation to have an echo of MCI in Geneva on an expanded basis to cover other areas than Iran and Expand Trade S.A. was that organization that dealt with representation of other companies and sold in Iran, and we started to become active in selling in other parts of the world and until I faced a very unfortunate situation. That related to the famous case of Frank Terpil and Edwin Wilson when they penetrated into my STC and Expand Trade structure in Switzerland and as a result of that I closed down the companies -- I didn't dissolve them, I closed down the company for a certain period of time until I was satisfied that -- I fired the old people -- until such time I was satisfied that Wilson and Terpil had no links in that structure of mine, and then I reopened it. So I faced the unfortunate situation that I had to really lose everything that you had started because of these two gentlemen penetrating into my organization.

Q I want to come back to that in a minute, but again to make sure we understand, there was a time in the early '70s as I understand it, when your children were in Switzerland. You were primarily residing in Tehran, but you commuted to Switzerland, and then there came a time when you made your principal home in France right outside of Geneva.

A That is correct.

Q And that occurred in about 1975-76?

A That is correct.

Q And you remained there until some time in 1979, when you made your principal residence in the U.S.?

A I believe it was 1978, if I am not mistaken. I did not become a--I have to refer to my records to be precise on that. These are the dates that I remember at the time. I did not become a resident, a permanent resident of the U.S. until 1979, but I started to live in the U.S. prior to that, I believe it was 1978.

Q And you have made a reference a number of times to the reason, but I am not quite sure I understand -- why was it that you decided to move to the U.S. in 1978 or 1979?

A I was going through a divorce process. My business has always been international, traveling, spending a lot of time away from home.

My sisters lived in California, and my father was there. There is a large Hakim family in the U.S. I had the custody of my two young kids, my two daughters. I had the responsibility of being a father and a mother, and a businessman, so it was much easier to be around my sisters who could assist me when I was traveling. So that was the main reason that I sold my house in France and came to the U.S.

I was well-established, well-structured in Switzerland. I did not come to the U.S. because of the revolution. It has always been my dream to -- this was discussed many many times with people such as Mr. Ashcroft -- from the time that I was in Tehran, it was my dream to come to the U.S. and reside in the U.S., become a citizen of the U.S., but what compelled me to come to the U.S. was not the revolution. It was the family situation.

Q You mentioned Wilson and Terpil penetrating your organization and that that caused you a lot of difficulties. Could you just explain that set of events for us, please?

A Mr. Ashcroft as the vice president of marketing of Stanford Technology Corp U.S.A., had the responsibility of expanding the marketing capability of the company to other areas. He came across Frank Terpil-- I still don't know how to this date -- and he decided that Mr. Terpil could be effective in helping him to expand the market. So on behalf of Stanford Technology U.S.A., not S.A., he entered into agreements and arrangements with Frank Terpil.

I believe -- again one has to refer to the records to get the exact course of events -- I believe until -- for a very short period of time Mr. Terpil was engaged as aN employee of the company and then later on Mr. Ashcroft decided to have a base in Washington, and he entered into some sort of an arrangement, an agreement with Mr. Terpil, and they formed a company in Washington D.C. -- I cannot recall at the ~~time~~ time the name of the company-- and the purpose was for Mr. Terpil to assist Mr. Ashcroft in the marketing and expansion of our market.

Mr. Wilson joined this Washington D.C. company at a later date through introduction of Mr. Terpil, and they became acquainted with the total system that we had, that is the American operation, the Swiss operation, the Iranian operation. I learned later that they found that very attractive for the plans that they had and which I was not aware of --

Q This is Wilson and Terpil now?

A Yes. And they traveled to Tehran. They traveled to Geneva. Still I did not have any control over their activities. They decided that it would be best since we were in an international business for them to operate out of Europe, although Mr. Terpil continued to keep the Washington D.C. company. I believe by this time he had purchased this company from Ashcroft, Stanford Technology --

Q What company did you say he purchased from Mr. Ashcroft?

A The Washington D.C. company that I mentioned earlier that was formed as a subsidiary of Stanford Technology U.S.A. I believe he purchased that or it was given to him. I'm not quite sure how it worked out. But what I could see with my own eyes was what was happening in Switzerland or in France, and that was the whispering and appearance of Mr. Wilson and Mr. Terpil at times that they were not supposed to be there, and I started to suspect that something was going on. And I started to notice how close they had become with my employees.

By the way, by this time Mr. Wilson had managed to borrow some money from me. I don't remember if it was $20,000 or $30,000, for which he gave me a note, and at a later date to collect this note I believe I went through the process of suing him, but I managed to get the money back.

It was a matter of principal. He threatened to kill me, run me over and all that, but I managed to get the money. People told me I was crazy to deal with this man because he really meant what he said. It was nothing for him to kill me. And that was quite a shock for me because when these gentlemen were introduced to me they appeared to be highly respected, highly placed, and when I saw this change of face, I became disenchanted and I fired all the employees and said, "Let me start clean."

Q Mr. Hakim, I don't quite understand. What is it exactly that they did that upset you?

A They were using my facilities for their own purposes, for the deals that I was not involved with, and knew nothing about.

Q Are you telling me that they had your employees performing tasks and business transactions that you were unaware of?

A Exactly.

Q Can you just give us an example or two?

A The general manager of my European operation at that time was an American gentleman, Richard Wood. He and his wife, who acted as the secretary of the company, ran the business for me. I have to point out that at no time, including even the recent affairs, I have had the style of getting involved in details.

I have always employed people and delegated work to them and let them -- with a lot of trust, to run the business, and I would get involved in the overall supervision. So Mr. Wood had a lot of latitude, and I sensed at one point that things were not being done. We had a business plan for expanding trade, which Mr. Wood had prepared.

I was promised by him that deals would be coming through any day, any minute, and none of those materialized, and then I still saw that Mr. Wood and the staff, they were all busy doing things and then some secretaries started to whisper into my ears that things were happening, and I started to pay more attention, and I saw that there were activities going on that I was not aware of. And I had the Iranian market, which has always been my main client. Iran has always been an attractive market for me, still is. It has a lot of potential. I didn't need this messy work that was going on. I decided to cancel all that out and restructure it and focus on STC USA and the Iranian market.

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Q What time period was this that you kicked your employees out and Wilson and Terpil?

A I would say again around 1976 -- 1976-1977. 1976, I would say.

Q Focusing now on the time after you moved to this country -- by the way, when did you become an American citizen?

A September of 1984.

Q Focusing on the time after you moved to the United States, could you just briefly identify for us the business activities that you have been engaged in and then we can perhaps get into some further ~~discription~~ description. Just identify if you could for us the different business activities that you have been involved in since you moved to this country.

A Since I moved to the United States, I had lost all my businesses.

Iran, like I told you, was my prime marketplace. That was totally out of reach. When I came to the United States, I started to look into the Stanford Technology Corporation U.S.A.'s activities. It was facing a lot of financial difficulties. I had pumped hundreds of thousands of dollars into the company. And as a result of my negligence and -- which was justified to me because I was focusing on the Iranian market, this business was

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going down the tube.

I came back and started to concentrate on STC U.S.A. I fired Mr. Holberg and promoted Mr. Ashcroft, made some changes and started to apply the very same technique; i.e., I came up with a stock-sharing program for the other key employees of the company, and Mr. Ashcroft did a fine job in fulfilling the directions that I had established, and we turned the company around.

By this time I really had no other business except that I was trying to turn the company around.

Q When you say no other business, you mean no other business besides Stanford Technology U.S.A.?

A That is correct.

Q And you turned the company around.

What business did it do after you turned it around?

A After we turned it around, I decided that I had no interest, personal interest in being involved in what I call a routine type of activity. International Imaging Systems to me is a conventional type of manufacturing firm. Everything is predetermined. It is not creative. I don't like that life style. I like to be -- to continue to be creative.

I decided to sell that part of the business, International Imaging Systems, and restart the systems

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business.

Q This is intelligence collection?

A Intelligence -- once you have systems capability, Mr. Nields, you can put almost any kind of system together, whether it is communications, whether it is security, whether it is intelligence collection. The main ingredients of those systems are the same. You have a computer, you have a receiver, a transmitter, antennas, sensors -- depending on how you put it together, you use it differently.

So basically I was in the systems business. Intelligence collection is part of a systems business. Intelligence collection, when I refer to intelligence collection, I do not mean necessarily the spooky business. I mean collection of information: collection of information that is being transmitted through radio waves, collecting those and having the clients interpret it for their own benefit.

Q Has Stanford Technology done that kind of business from the time you restructured it until today?

A No. When I restructured it, we had lost the market for systems business.

Q I understand. And then you went back into that ~~busineses~~ business, as I understand.

Q I start[illegible] back into systems business

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again, but not focusing on information collection, not on receiving stations. This time I went into systems security.

Q And had continued in that business to this day?

A Security meaning the systems business?

Q Yes.

A That is a hard question to answer. I made all the investments. It takes a lot of investment to establish your credibility in a new market. I had lost the only market I had.

I focused on the Far East. I pumped -- by this time I had sold the imaging systems part of the company and started the systems business. To this date I believe I pumped into the company most of the money that I had received as a result of the sales of the imaging part back into the systems company, now with a focus on security, because early in 1980, if you recall, security became a very important issue. By security, I have to give you some explanation of what I mean by security.

This is physical security. This is, if you will, an anti-intrusion system. It is like an alarm system that homes use, but very sophisticated. You can use it for nuclear power plants; you can use it for radar sites; you can use it for large industrial parks. And I managed

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to get a contract from the Korean government which, with a lot of difficulties, we successfully finished that.

So I had reached to a point that I was ready to go out now and start making money. All the money that had gone into the company was to learn about the business, learn about the market, get one contract at a loss to establish our credentials so we could go into the market and get new projects. That was the main attraction that I had in wanting General Secord to join me, because I thought with his background he could assist me to capture new markets in the area of security.

And by this time I had really increased my respect for General Secord.

Q What time period are we talking about now, 1984?

A Well, it was -- I started the business of security, I believe, in 1980, 1981, I believe; it could be 1982.

Q I mean when did you get General Secord to join you in your business?

A 1983.

Q Okay.

Prior to the time that you had General Secord join you in your business, I take it the only business activity that you were engaged in after moving to the

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United States was Stanford Technology U.S.A.?

A After I moved to the United States, first it was Stanford Technology Corporation. Then I sold that part. I went into the security business. Then at the same time I created other activities which basically was meant to help the relatives and friends who were running from Iran, coming to the United States or other parts of the free world.

I went -- for instance, I started to create a chain of delis, a business totally out of my expertise, and yet it was simple enough that I thought these people that I knew that I like to refer to them as refugees, could run and do business in. They were not successful. I incurred a business loss there. I --

Q Any other business projects?

A I got a little bit into real estate.

Q Where?

A In the United States.

Q Where?

A Mostly in California.

Q What else?

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A I was conned into -- it appears I never learn. I was conned into an activity of manufacturing electronics gadgets. An ex-employee of Stanford Technology Company approached me to -- first ~~at~~ to lend him money for a company that he and another gentleman had started and he gave me a rosy picture about their company.

The company's name was Textronics. To make a long story short, I came in there as a person to lend them money and I got sucked into this to the point that I had lent him, if I remember correctly, something like $8,000, and the company had not produced any income, and I had to take over that company, and that turned out to be a total loss as well.

Q Anything else?

A I got involved and formed a company that never got off the ground---

Q You don't need to mention companies that didn't get off the ground.

Were there any other business activities of any substance that you engaged in?

A No, not that I remember.

Q As I gather it, at least between the time that you moved to the U.S. and the time when General Secord joined you, none of your businesses made profits?

A I didn't expect them to make profit because---

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Q I understand, but in any event, they didn't?

A That is correct.

Q I take it then that you had some monies available from the time when you had been conducting business in Iran and Switzerland and France?

A And also largely from the sales of International Imaging Systems. That portion of the company I sold for $3 million.

Q Was that a $3 million profit?

A No, it was -- it was, if you will capital---

Q Partly money that you had originally invested in the business and partly a gain?

A Partly a gain.

Q Where did you keep the monies that you had available to you, were they kept in banks in this country, or overseas?

A The monies that I earned in the U.S. were all kept in the U.S. They were monies that were kept in my place of business in Switzerland -- that is where I was. I don't remember when the last parts of that -- the monies that I had in Switzerland I brought to the United States. I was basically living off of my savings and the money that I got as a result of sales of Hyde Park Square. I had money overseas, but eventually it all ended up in the United States.

Q I take it Multicorp had been a profitable business venture?

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-- A Very much so.

Q And were you unable to take money out of Iran from Multicorp?

A Yes.

Q So you had that money available to you and originally you had that in banks in Switzerland?

A That is correct.

Q But there came a time when you took all the money out of banks in Switzerland and put ~~in~~ it only in banks in the United States?

A Effectively your analysis is correct. I brought it to the United States and either put it into STC or spent it, but particularly you are right that it came through bank channels to the United States.

Q In any event, you are saying that there came a time when you no longer had money on deposit in Swiss banks?

A There came a time when no longer I had any money, substantial sums of money, that earned any profits or interest - your terminology is correct, I didn't have any deposits. I had some checking accounts. I was using them for household purposes, which I believe is still there.

Q Checking accounts in Switzerland?

A In Switzerland, yes.

Q Just so we understand what your concept of substantial is, can you give us just an---

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A I don't believe that bank account today has -- I would be surprised if it is more than $5,000. It should be less. I don't know.

Q And I take it -- when was it that you had, in effect, moved your last monies out of Switzerland?

A I can't remember that, Mr. Nields.

Q Approximately?

A The best way that I can help you with that is I would say some time between 1979 and 1982, in that time frame.

Q And then I take it after that time frame you had small amounts in a checking account, but it would be something under $100,000 at all times?

A Oh, definitely.

Q Okay.

You mentioned General Secord. We haven't talked about him yet, but you have mentioned him a couple of times. Could you just briefly tell us how you first came to know him and -- well, tell us that first.

MR. JANIS: He has already testified to that. Do you want him to go over it again?

MR. NIELDS: Maybe not.

BY MR. NIELDS:

Q I take it you met him at the time when you lost the second phase of your contract in Iran?

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A That is correct.

Q After that event when was the next time that you came across General Secord?

A That event, which started in a very negative way, when I started to analyze it, I accepted I was biased, I wanted the business. [redacted] I started to develop a liking for the man who had just caused me to lose $23 million worth of business.

Q Did you continue to see him -- after you lost the business, did you continue to see him in Iran?

A I don't think so. By then I don't think I was even in -- I was not even living in Iran at the time. I was in France, I believe, at that time.

Q Did you see him in France?

A No.

Q Okay. Did you see him in the United States?

A Yes.

Q When?

A I think I started to go and see him in the Pentagon-

Q When?

A Around 1977, I started to go and pay my respects to him and see him.

A What was the purpose of your seeing him in the

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Pentagon?

A I have always thought that Secord had a lot of capability that I was hoping at one point I could benefit from.

Q In what way?

A He was in the different side of the fence. He was in the military business; I was in the military business. He was in security; I was in security. But you do recognize what I am trying to say -- he could become a potential---

Q Customer?

A Customer, and---

Q Did he ever become a customer?

A No, he didn't. I sort of kept track of him.

Q Did you ever do business with the Pentagon?

A No, never.

Q Did you ever attempt to do business with the Pentagon?

A No, I never did.

Q Did you ever attempt to do business through General Secord with the Pentagon?

A I assume that you mean while he was still a government employee?

Q Yes.

A No.

Q On how many occasions did you meet with Mr. Secord

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While he was still in the Pentagon?

A I would be surprised if it were more than 10 times.

Q What did you discuss?

A Basically what I was doing, where he was heading, asking him what his plans were, sort of keeping track of him.

Q When you say asking him what his plans were, did you discuss the possibility that he might come into business with you when he left the Pentagon?

A I don't think I discussed it with him, but I believe that I told him that a man like him has a lot of potential to make a lot of money, and he was not making enough money by staying in the government. He always kept his icy-cold face. He didn't move anything that would lead me to belie that he was interested or not interested. He continued -- he really continued to keep his cold face and icy face until he came out of the government.

Q In what way did you tell him that he could be making a lot more money?

A I knew through independent channels that he was enjoying a lot of respect and admiration in the Middle East, and basically Saudi Arabia. And I was very much interested to penetrate that market, Saudi Arabia.

Q You thought if he left the Pentagon and joined you in business, perhaps you could do that together?

A Exactly.

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Q And did he tell you before he left the Pentagon that he ~~was~~ -- before he left government service, that he was going to leave government service?

A No, he did not tell me that. As a matter of fact, I learned about him leaving the government when I found out that one of the companies that I represented in Iran had interests in the Arab world, and they asked me if I had any contacts with General Secord now that he was out of the government, and if he could be of assistance to them in capturing the aircraft shelters business in a number of countries in the Middle East.

Q I take it there came a time when you and Mr. Secord developed a business relationship?

A That is correct.

Q How did that come about -- who initiated it?

A I would -- I was trying now in the United States to get back on course and do what I intended to do in Expantrade when I started Expantrade in Geneva, and I did not succeed and to complete what I wanted to do as a result of the Terpil-Wilson case. I decided to do the same thing here in the United States. I had that in the back of my mind. I was advised that if I wanted to do that there would be complications with banks, antitrust laws and such, and when I learned about the new facilities that were provided ~~thorugh~~ through this export trading company law, I looked into it and I found out that

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now I could form my trading company. I believe this bill became law in October of 1982, and early 1983 I formed ~~Standard~~ Stanford Technology Trading Group International in California.

The company was formed and I was the 100 percent stockholder of the company. And when I met with General Secord and explained to him the concept of this trading company, he like it very much.

Q How did that conversation take place?

A I told him that I had formed this company and the objective of this company was to go through the business of security into other areas of trading.

Mr. Nields, once you establish a relationship with a foreign government by getting a security contract, that means that particular government has to trust you, to let you know what their fears are, and once you get into the business of security, you have a deep penetration in that government and therefore you can do a lot of business.

So, when I explained to him — when I explained to him that the medium that I wanted to use to get into these countries is security, it will be money making itself, but it will open also the door for us in other businesses with those countries. That was very attractive to him. He saw the potential, what could be done.

Q When was that conversation?

A I believe I had the earlier discussion of this

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thing -- I cannot be sure. I believe that the early discussions were held in Washington, then I invited him to come to California and see STC and meet my staff and---

Q Was the earlier conversation at your instigation?

A Yes.

Q And then you invited him to come to California?

A Yes.

Q He was now outside of the government?

A Yes, he was. By the way, there is one other thing I would like to add to here, that there was -- I have mentioned that earlier, but I would like to elaborate on that. General Secord was still in government. He called me and said he wanted -- there was something very important that he wanted to discuss with me,and he asked me if I could stop by to see him when I was in Washington next. That was when he asked me if I would be willing to help with the rescue of the hostages in the American Embassy in Tehran. That was also another contact that was made by him while he was still in office.

Q In any event, I take it that you and General Secord went into business together after these conversations that you had?

A That is correct.

Q And what was the form of your business relationship?

A He asked me how I wanted to go about this.

I said, Richard, I will make life easy for both of us, let's approach this thing the Iranian way. He said, what do you mean? I said, well, become 50/50 partners and we will go into this as if it is the beginning of my activities. I want you to know that I have a lot of investment in my other activities, Stanford Technology, and so forth, but in this new company we will go into it 50/50 and let's see if we can make use of your friends in Saudi and other countries and get a few large security contracts.

And we indeed did go after these large contracts, made a few attempts. We never succeeded to get those projects, basically because by this time Marwais International had become one of our clients for the sale of shelters, and it appeared to be a more attractive project. It developed into tens of millions of dollars -- I believe one project that we pursued, and we spent quite a bit of time, and something like $200 million or more.

So we decided to focus on these two projects. We did not succeed with those two projects and in the meantime the U.S. Government employed our services and we never managed to go after the security business the way we intended to.

Q But you intended to do it, and I take it that was through STTGI?

A That is correct.

Q And you were equal shareholders in STTGI?

A That is correct.

Q Did Mr. Secord have any interest in your California company, Standord Technology?

A He did not.

MR. JANIS: Can we go off the record for a moment?

(Discussion off the record.)

(Back on the record.)

BY MR. NIELDS:

Q You were about to tell us how you came to work for the U.S. Government?

MR. JANIS: I don't think that is exactly what he said.

He said their services were employed---

BY MR. NIELDS:

Q All right; how your services came to be employed by the U.S. Government?

A General Secord talked to me, I believe, it was in 1984 -- I am not quite sure -- late 1984 or early 1985, in that time span, that the U.S. Government -- and if I am not mistaken, he was more specific than that. He mentioned the name of the President -- has asked me to help them with an effort to help the Freedom Fighters in Nicaragua. And he asked me if I would be willing to participate in that effort. And I asked him how long this is going to last. He said that I really don't know. I questioned him what impact and effect this was going to have on our business, are we going to be still able to -- able to follow up on our business? He said, what do you mean? I said, well, I am a business man, and I have no doubt in my mind that I am willing to help the government, but I would like to see what is going to happen to our business. He said, well, we are going to go into this as private businessmen. I said, well, then I have no problem. It is beautiful. I will help out and make money; why not?

I asked him what was the nature of the business---

Q Where was that conversation, by the way?

A I believe it was in Washington.

Q Where?

A In the office of STTGI, I believe.

Q At that time, I take it, you lived in California?

A I still do, yes.

Q Did you have a home here as well?

A There came a time that I rented for a few months, an apartment, a furnished apartment. I believe on two occasions I did that. But it never was meant to be a second home. It was more to serve like a hotel. So, I never purchased a house or anything as such.

Q So in any event, you asked him what this was -- exactly what this was to entail?

A He said he could not go into details with me, but he could tell me this much, that we would be purchasing arms for the Freedom Fighters. I said, I know nothing about arms; how can I help you with this? He said, well, the financial end of it. I am not a businessman. The money matters and so forth, I need your help in that area.

I said, fine, if this is what you need, I will be more than happy to help out.

Q In what way were you to help out with the financial end?

A It was not clear. I don't think even he knew what he was getting into. Throughout the course of our working for the government in connection with Nicaragua, I had -- as a businessman, I had a very uncomfortable feeling because I was not used to running a business on a sort of day-to-day basis, not knowing what is going to happen tomorrow, whether we will be in business tomorrow, whether we are going to have money tomorrow. It was bothersome to me, but that was the nature of the mission.

He could never be precise. He could never be definite. At no time he managed to answer my questions. And he even went to the degree of saying, when I pressed him, how are we going to stay in this business; he said, Albert, for all I know right now when I am talking to you, we could be finished with the business; I don't know. We have to take it as it comes.

So there was nothing definite as to what my role would be, how I would be doing things, and so on. We had to do things backwards. Normally when you start something you have a plan and you go in accordance with a plan. Here you start doing things and then you plan it. It was a weird situation.

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Q Did Mr. Secord ever mention the ultimate source of funds for these arms purchases?

A Oh, yes.

Q What did he tell you about that?

A He told me that the money would be coming from donors.

Q Did he tell you who the donors were?

A He never did.

Q Did he mention any foreign countries to you?

A He -- at a much later date, he told me that he was asked to approach [redacted] to see if they would be willing to help. That was the extent that he went -- Richard always talks on a need-to-know basis. He doesn't talk much. And I respect that, and I have no interest to get into his business. So that was -- I listened when he told me. I did't ask him. I didn't probe. It didn't matter to me.

Q Did he tell you whether he was successful in gettin money from [redacted]?

A I don't recall us discussing that any further.

A Did you discuss the manner in which you would make money through his venture -- before I ask you that question, let me ask you this -- had you ever been involved in any arms transactions before?

A Yes, and no.

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-- I did represent a U.S. ammunition manufacturer in Iran.

Q Who was that?

A Winchester. However, it was not a company that I approached, it was not a company that I intended to represent. The Iranian Air Force---

Q Was that the only occasion in which you had been involved in an arms transaction?

A Yes.

Q That was representing Winchester selling to the Government of Iran?

A Yes.

Q Give us a very approximate quantity of sales?

A You see from Winchester, the business developed into ~~inot~~ other divisions of the company. It went to the mother company, Olin, and that had to deal with plants. We started to market manufacturing plants. I don't know whether you would classify that as arms or weapons.

Q You mean plants to manufacture arms?

A Plants to manufacture powder and the products that could be used for military purposes.

Q Let's just talk about the actual sale of arms. What was the approximate quantity?

A You are talking about both Winchester and Olin?

Q Yes.

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A In tens of millions of dollars. I can't remember the amounts at this time. But this representation actually did not, although I benefited from it, but all the papers indicate that my company was the agent for Olin, but there was one very key first letterthat I vividly remember, for valid reasons I remember, that was sent to Winchester by the -- this gentleman -- I can mention his name now, he has passed away, Mr. Nasery---

Q Mr. Hakim, I don't want to cut you off, but I think you have given enough information on the Winchester thing.

I wanted to get a general sense of prior arms transactions.

A I thought your question was if I dealt with arms? I said, yes and no. I was finished with the "yes" part.

Legally I did represent Olin, but I was a cover for the brother-in-law of the Commander of the Air Force. That is the "no" part of it.

MR. JANIS: Was your question with respect to -- if I understood your question correctly, it was whether Mr. Hakim had been involved in the sale of arms prior to his involvement in the affairs which you are investigating; is that correct?

MR. NIELDS: That is correct.

MR. JANIS: Thank you.

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BY MR. NIELDS:

Q Had you ever sought to engage in either the purchase or sale of arms prior to the time you and Mr. Secord became involved in purchasing arms for the Freedom Fighters in Nicaragua, other than the Winchester-Olin episode?

MR. JANIS: To the best of your recollection.

BY MR. NIELDS:

Q To the best of your recollection?

A As a matter of principle, I had no interest to go after such business, although I was approached repeatedly after the Iranian Revolution by Iranians to get engaged in that part of the business.

I did not -- I was approached, I did not. [redacted] So the answer is no.

Q How were you and Mr. Secord going to---

MR. JANIS: Excuse me.

Go ahead.

THE WITNESS: Mr. Nields, I just want to make sure that I have given you a complete answer. When you talk about the arms, weapons, I don't know how that one extends that terminology. I dealt and still am dealing with a laser site, which is an electronics piece of equipment that one can attach to a gun, use it in lieu of the iron sights of a gun.

-- Would you consider that also a weapon?

BY MR. NIELDS:

Q I appreciate your completing the picture. Whether or not it is a weapon---

EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

BY MR. VAN CLEVE:

Q May I ask, prior to your involvement in the transactions that we are about to discuss in connection with the contras, did you ever engage in the purchase or sale of electronic guidance systems for any form of missile, or other weapon?

A To the best of my recollection, the areas that I dealt with didn't have any offensive function. It was defensive radars. I did deal with that. I do not know if the manufacturers -- for instance, to be very precise, I represented Texas Instruments and there was a joint venture between three large American companies, Texas Instruments, ITT, and also another company called ITP, which is no longer in existence, and we sold a radar system, and at one point in time I had no longer any connection with the sales of this project.

If that continued into selling the kind of product that you are referring to, I am not aware of it.

Q What was the purpose of the radar system that you were selling?

A It has been such a long time and like I told you, I ~~was~~ was cut out of the deal at one point in time. I can't recall.

Q Did it have any connection to the Hawk radar systems that we are going to be discussing later on?

A I don't think so. If it did, I can't remember. No.

MR. VAN CLEVE: Thank you.

EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

BY MR. NIELDS:

Q How were you and Mr. Secord going to make money on the arms transactions?

A Mr. Secord said that we are not going to get to have the normal mark up on commission that arms dealers apply to the sales of this product. We have to be competitive. This is an area that there is not much money, and I will determine on a case-by-case how much we can add, how much it can bear, what we can buy it for and the situation. I said, fine, so long as you remember that we have to make some money, I rely on you to decide how it will go.

Q And how were you going to divide up the profits?

A It did not get organized in a way that there would be a formula as to how we were going to divide the profits until we knew that we would continue to remain in the business for more than one day. We still didn't know how long we

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were going to stay in the business.

The first transaction, that was done through a Canadian arms dealer, to the best of my recollection. It was agreed that he and I jointly will split on a 50/50 basis, one third of the commission. That is to the best of my recollection. And that was for the first transaction, or I would rather categorize it as a transaction with a Canadian arms dealer.

When we saw that there might be continuity, he tried to organize the system better. He did not think that the Canadian arms dealer had the capability of doing what we wanted, so the Canadian arms dealer he dealt with -- for a certain part of the shipment with a Portugese company, Defex, and later on General Secord decided to contact Defex directly and set up a better and more efficient system of getting the supplies so it would fulfill the operational requirement that he had. And to do so he engaged the services of Tom Clines.

Q Did you personally have any dealings with either arms company, Transworld or Defex?

A I had spoken with the Canadian gentleman while Mr. Secord went through gallbladder surgery -- there was a period of time that he asked me to come to Washington and cover for him. I must point out that I did not operate out of Washington offices all that much. So I did speak with the

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gent~~e~~lman in Canada, and I did take a trip with him to [redacted] Lisbon to establish the credibility of Defex and reported that back to General Secord, and that was the extent of my involvement in -- with either arms dealer.

Q What do you mean by established the credibility of Defex?

A If they had the capability -- we were not quite sure -- Richard was quite annoyed by the fact that he could not get the kind of delivery that he was promised. He continuously noticed that people do not deliver what they say, and he wanted to check to see -- he was either sick or busy with something, I can't recall. He asked me---

Q I may have misunderstood you, did you say you went with the Canadian arms dealer?

A Yes.

Q I thought you were replacing the Canadian arms dealer with Defex?

A That was what we finally did, but my involvement was when the Canadian arms dealer was dealing with Defex.

Q In other words, the Canadian arms dealer was acquiring weapons from Defex and you eventually cut out the Canadian arms dealer and purchased directly from Defex?

A Yes. That is when Mr. Clines effectively replaced the Canadian.

Q Who was the principal of Defex?

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A I don't have first-hand information, but a Dr. Jose Garnel was introduced to me as the principal person.

Q Any others?

A There were a whole group of people who were introduced to me. I did't stay there all that long.

A I take it that you used a company called "Energy Resources" to purchase and sell these arms?

A Well, we used a company called Energy Resources to receive funds. As a businessman, when you tell me that you use a company, Energy Systems to purchase arms, it means that we entered into an agreement, ~~singed~~ signed and so forth -- that we did not do. We had an Energy Resources Company and we received funds, and we, through this company, and we spent and paid out of this company.

Q And I take it that there was a difference between the amount that you received and that you spent?

A Yes.

Q And that constituted your and Mr. Secord's---

A Income, yes.

Q That was your and Mr. Secord's share of the profit?

A The way it worked out -- the way it worked out, Richard and I had an expense before getting to where we could consider what you are referring the balance to be our gross profit, and that expense was what we had to pay Mr. Clines.

The way it worked out---

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Q That I take it is true in the case of the transactions involving Mr. Clines? But not true in the case of the transactions involving Transworld; is that correct?

A In the case of Transworld Arms, I already testified that one third of the mark-up came to Richard and I.

Q But I take it that in the case of the arms that you acquired from Transworld and sent to the Freedom Fighters in Nicaragua, that you received a certain amount into the Energy Resources bank account, and then you paid a certain amount out to Transworld? Am I correct so far; are you with me so far?

A I am with you -- if you see that I am hesitating, I am not quite sure that we used Energy Resources for that purpose. I have to refer to the files. That was the very beginning of our activity. That company was used. I can't recall that.

Q Well, I will show you some reports in a moment that you have provided us, or rather, some accountants work papers derived from those records, but there were a number of disbursements out of the Energy Resources account to Transworld.

A Then that is the account we used.

Q And then there are some payments into that account from a bank in Miami, which we have identified as a bank account set up by Mr. Calero -- are you familiar with Mr. Calero ~~[illegible]~~

A Familiar -- I know of him, yes.

Q You know who he is?

A I know who he is, yes.

Q There is a difference between the amount that comes in from Calero and the amount that goes out to Transworld. And my question to you is does that difference represent your and Mr. Secord's share of the commission?

MR. JANIS: I have to object to that, Mr. Nields.

Since he doesn't know -- I don't think he knows how much came from Mr. Calero, so I don't think he is in a position to say what the difference is between what Calero -- he doesn't even know, I don't think, ~~whether~~ whether it came from Calero. You are referring to amounts that he might not be privy to. So for him to say the difference---

MR. NIELDS: I am not asking him to tell us what the difference is. We will get to the records for that. I am asking him whether the Transworld received -- whether the difference between the amount into the Energy Resources account and the amount out represents your and Mr. Secord's share of the commission, or whether it represents the whole commission?

MR. JANIS: I still don't think -- the problem with that question is that if the only deposits that came in from Energy Resources were from Mr. Calero and if Mr. Hakim knew they were from Mr. Calero, and the amounts, and

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he knew what was paid out to Transworld Arms, then your question would make sense; but I am not sure we have established any of those things.

MR. NIELDS: That is what I am asking him.

THE WITNESS: Mr. Nields, I did not get to know about Mr. Calero until some time later. Now you are talking in the time frame of the first transaction, the very early part of our activity in connection with this project. Things were not quite clear for me; not that they got any better as time went on. But all I knew about the direction of the profits was what Richard Secord ~~tsold~~ told me was our share, and the formula that he used, he said the profit, we will get one third of the profit, two thirds will go to this gentleman. This is the best of my recollection.

BY MR. NIELDS:

Q Let me get at it another way. Were you involved in the setting up of Energy Resources?

A Yes.

Q As a company?

A Yes.

Q Were you involved in the setting up of a bank account for Energy Resources in Switzerland?

A To the extent that I ~~tild~~ told CSF that we needed a bank account for the company, they set it up.

Q Was it you who dealt with CSF, or Mr. Secord?

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A CSF had been a company that throughout my activities in Switzerland I used,and worked with me. Our relationship goes back to the time of Expantrade, I believe 1972. CSF started to deal with us at the credibility that I had with them, and they had really no personal knowledge of who Mr. Secord was, or what we were dealing with. So at the beginning, eepecially at this very first time, I was mostly dealing with CSF.

Q You, rather than Mr. Secord?

A Mr. ~~Seord~~ Secord, that is correct.

Q Why was CSF used rather than an American bank?

A Two reasons. The main and primary reason was that I was told by Mr. Secord that this is going to be a covert activity; and the second reason was that he wanted me to help him with this project,and I could not give him more than what I had, and what I had was my previous structure in Switzerland, and it happened that it served both purposes best. It could maintain the objectives of the mission, keep it covert, and also I could work with a financial structure that I had dealt with. They trusted me and I trusted them; no questions asked.

If you go through -- no matter how much money you have,if you go through Switzerland and say that here,I want to form a company to deal with arms, they throw you out. Those people don't like to be tainted with that kind of product. So---

Q Did he tell you why it had to be a covert operation?

A He told me the government wanted it like this.

Q The government,meaning our government?

A The U.S. Government, yes.

Q When you refer to your structure in Switzerland, what are you referring to?

A The background that I gave you about Expantrade, STC---

Q Your relationship with CSF?

A My relationship with CSF, yes.

Q What is CSF?

A CSF is a very conventional, normal money management institution in Geneva, Switzerland. The gentleman that I know, and in the course of time we have become friends, Mr. Zucker, he is an American citizen, he is a lawyer. His expertise is in financial areas, money mangement, tax, and he has been doing business in Switzerland for many, many years, and I happen to be one of his clients. And he handled -- before I became a U.S. citizen -- all my financial and legal affairs. And when I became a U.S. resident, he also handled my tax activities. And so basically, he is a ~~fidiciary~~ fiduciary company that deals with -- that provides the total package to its clients, legal, tax, money management, and so on.

Q And who is Mr. Mossads, Jack Mossads?

A He is one of the employees of CSF.

Q How about Roland Farina?

A He also was an employee of CSF.

Q How about Suzanne Hefti?

A Suzanne Hefti, when I first met her she was an employee of CSF. I learned later that she went to Fribourg, and was no longer with CSF in Geneva, but they had some sort of relationship with each other, which I am not quite sure how.

Q How about Mr. ~~Basan~~ Bassan?

A Jacques Bassan?

Q Yes.

A He ~~has~~ is also an employee of CSF.

Q How about Jean de Serarclens?

A Under Swiss laws you have to have Swiss directives for a foreigner to have a Swiss company. I won't go into the legalities of this. So Jean de Serarclens was, or is, I don't know what the relationship is now, an employee, and the director of CSF.

Q I take it from time to time you would make -- well, let me step back a minute. You had them, I take it, you had CSF set up Energy Resources as a company and obtain a Swiss bank account for Energy Resources?

A Those were my instructions.

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Q Who gave instructions as to what monies should be disbursed out of those bank accounts?

A To CSF?

Q No; to anyone?

A But basically General Secord told us what was expected to come in and what we should transfer out, and to whom, and I passed on those instructions to CSF for execution.

Q So you were the one who actually told CSF what monies to pay out of the account?

A To the best of my recollection, most of the time that was the way it worked out.

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Q And you asked me a minute ago whether I meant paying money out of the accounts to CSF. Who instructed CSF to take money out of the accounts to CSF?

A In the manner that I just described, General Secord would tell me and I would tell them.

MR. VAN CLEVE: May I ask a question? Would General Secord have had the power to instruct CSF to make a disbursement from the ERI account, from the Energy Resources account?

THE WITNESS: The way it operated -- it is very important that you recognize the fact that Mr.Secord was accepted with all due respect to him and there is a lot of respect for him. He would not be accepted in a Swiss community without having gone through years of working with them, being accepted by the Swiss.

He may have the impression at the beginning that -- you are talking about energy resourses -- that he had the power to instruct CSF what to do with the money, but I doubt very much that if CSF, until they got to know him, would have done so without checking with me first, because I brought him into that organization.

MR. VAN CLEVE: I am not sure I got an answer to my question. My question was would General Secord have had the power to instruct CSF to make a payment from the Energy Resources account?

MR. JANIS: Do you mean the legal power or as a practical matter could it have happened?

MR. VAN CLEVE: The legal power.

THE WITNESS: It was never clear.

MR. VAN CLEVE: Didn't you previously testify that you instructed that these accounts be set up?

THE WITNESS: Yes.

MR. VAN CLEVE: My question to you is would General Secord have had the power to instruct that payments be made from these accounts?

THE WITNESS: I tried to explain to you how it ~~work~~ worked. General Secord picked up the phone and told one of the staff of CSF please transfer -- I am trying to communicate to you the mentality of the Swiss, the mentality of CSF, and the circumstances that we operated under.

The Swiss would have received the instructions if he would have done it -- they would have received the instructions from him and they would have called me and asked me what do we do. And I would say, "Fine, it is okay." They, at the beginning, General Secord had to establish his own personal credibility for the Swiss to deal with him. So it was not a question of the fact that there was a contract signed or instructions were given to CSF that said CSF these are the people that are authorized to instruct you to disburse money. That was never done throughout the total operation.

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The Swiss -- what I am trying to establish here, Mr.Van Cleve, is to communicate with you a little bit of the way that the Swiss operate so in the days to come we can communicate better. If we use our style of doing business in the U.S. as a point of reference for the Swiss, we are going to have a lot of difficulties in communicating.

We have to really try to understand how the Swiss do business and how business is done in Switzerland in order to be able to communicate. They do not necessarily adopt the same method and manner that we do business.

MR. VAN CLEVE: I don't want to extend this at this point because I think it will interrupt the flow, but this may be a matter I will want to return to.

MR. JANIS: Perhaps this will be a good time for a break.

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BY MR. NIELDS:

Q Mr. Hakim, maybe I can make more clear the question that I am trying to get at. As I understand it from what you have said, you were the principal person who dealt directly with CSF?

A That is a fair assumption.

Q Because of your prior relationship --

A That is a fair assumption.

Q Their trust in you and your trust in them?

A That is correct, sir.

Q It is also my understanding that whether there were bills of sale or there weren't bills of sale in connection with these arms transactions, it is true that you and Mr. Secord in effect were paid by deposits into the Energy Resources account and then you paid some moneys out of the Energy Resources account for the arms, in effect?

A Yes.

Q Correct?

A That is correct.

Q What I am trying to find out is whether -- let me say one more thing -- there is a difference between the amount of money that comes in from the Miami bank, which we have identified as Calero's, and the money that goes out of the Energy Resources account to Transworld

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and Defex, which makes what appears to be a profit or commission or whatever you want to call it. And since you were in charge of instructing CSF about the moneys that were going out and so on, what I am trying to get at is, whose money that was, the difference, the profit or the commission? ~~What~~ Was that originally to be shared just by you and Mr. Secord?

A Not having the records in front of me, I --

Q Let's stop. Let me put something in front of you, which is a printout from the records that you gave us of the receipts and disbursements into the Energy Resources account.

A And we are still focusing on the transaction with the Canadian.

Q I am focusing on both the transaction with the Canadians and Defex, and if there is a difference, I want you to tell me.

A That is probably where our lack of communication is. The questions that I am answering, I am still at the time of the early stages of our dealings with this project and with the Canadians.

Q Let's focus on the Canadians right now. You will see on this list some disbursements to Transworld Arms.

I take it those are disbursements in connection

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with the Canadians?

A Okay.

Q Transworld Arms is the Canadian company, I take it?

A That is correct.

Q And then you will also notice some receipts, and we have denominated them on this list Calero; your records show that they come from a bank in Miami, and this is -- I think it is fair to simply tell you that we have determined that those are receipts from a bank controlled by Mr. Calero.

A Okay.

Q Now what I am saying is that -- my question to you is, does the Canadian arms dealer receive his share of the commission or profits out of the money that is disbursed to Transworld?

A That is exactly what I said I cannot tell you. The problem that I have is disbursement to Transworld. I don't know whether it was just to cover the cost of the hardware or included his profit, the two-thirds. That I don't know.

Q Well, did you ever pay him his two-thirds separately?

A If the records show that there has been a separate payment, then we have. I really don't know.

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Q You can look down here. We have not found any that appear to be payments to the Canadian separate from the disbursements to Transworld Arms.

A I don't know.

Mr. Nields, if there is no such transfer, separate transfer for the two-thirds, then it is only reasonable to assume that this two-thirds was included as part of the cost of the hardware.

Q I just want to make sure now. These are your records, Mr. Hakim, and the disbursements were handled under your instructions and specifications, and therefore, although we can read the records, we can't interpret them as well as you can. And if you need more time, I will be happy to give you more time. If you want to consult the original records, I would be happy to do that. There are disbursements out of this account to Transworld Arms. There are disbursements also to CSF; some of them are marked on your records as Hakim, Korel, STTGI, and there are others that appear to be for transportation. Only you can tell us whether some of those disbursements included -- whether the Canadian arms dealer was paid out of disbursements that are marked as yours or Korel or any one of the other payees.

MR. JANIS: May I interpose something here?

As I understood the purpose of this deposition was in essence to make some sort of cooperative effort to try to prepare both the committee and Mr. Hakim for the testimony that will be coming up next Wednesday, and in that spirit, I would like to suggest a way that we can do this in a more cooperative manner.

I think part of the problem here is --

MR. NIELDS: Let's go off the record.

(Discussion off the record.)

MR. NIELDS: Back on the record.

BY MR. NIELDS:

Q Mr. Hakim, we have just had a discussion off the record and I think that it has helped clarify things and I will ask you just a few questions now on the record.

A Okay.

Q The disbursements out of the Energy Resources account seem to fall into three categories. One is disbursements to what appear to be arms sellers. Second is expenses, mostly transportation, and the third is disbursements that go to various capital accounts.

I take it that the Transworld -- neither Transworld nor its principals were paid a commission out of the capital accounts?

A To the best of my recollection, you are right.

Q Therefore, I take it you would agree that from a review of these records, it would be a fair inference at the very least that Transworld received its share of its commission out of disbursements directly to Transworld?

A I agree with that.

Q How about let's move now to the Defex purchases.

A You mean now we are putting the Canadian arms dealer aside?

Q That is correct.

Can you tell us how those transactions were structured?

A Basically the way I understood it, General Secord replaced the Canadian arms dealer with Tom Clines, who understands this business, who Mr. Secord has always had a lot of trust in, and he could also maintain secrecy. So effectively there was no change except the arms dealer, the man in between who was dealing with Defex from the Canadian changed to Tom Clines.

Q My first question is, did the division of the commission change?

A Very much so.

Q Can you describe how the commission or the profit was divided after Mr. Clines became involved?

A It was agreed that he would get paid for his expenses plus 20 percent of the commission.

Q Did that mean that you and Mr. Secord then would receive 80 percent of the commission?

A On a 50/50 basis.

Q Now, did Mr. Clines get his 20 percent commission out of the capital accounts?

A It is possible.

MR. NIELDS: Let's go off the record for a minute here.

(Discussion off the record.)

MR. NIELDS: Back on the record.

BY MR. NIELDS:

Q Do you want to clarify -- I will ask my two or three questions, then you can clarify. Is that all right?

Mr. Hakim, we have gone off the record again. We are back on now.

I take it that we have established to the best of our ability and your recollection that the Canadian arms dealer was not paid his share of the commission out of the capital account.

A That is correct.

Q And you said there was a change in modus operandi when Mr. Clines took the place of the Canadian arms dealer?

A That is also correct.

Q One way that changed is the division of the commissions changed and Mr. Clines got a smaller share

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of the commission than the Canadian arms dealer did.

A That is correct.

Q Did the method by which Mr. Clines was paid his commission also differ from the method by which the Canadian arms dealer --

A No, sir.

Q Are you saying that Mr. Clines did not get paid his commission out of the capital accounts?

A Regularly he should not have, but I would like to point out to you at this time that out of all fairness to CSF, CSF did not know what we were doing.

MR. JANIS: I am not sure you understand his question.

Could we go off the record and take a recess? I don't think he understands the question.

MR. NIELDS: I think that is a very good idea.

(Recess.)

MR. NIELDS: Back on the record.

BY MR. NIELDS:

Q Mr. Hakim, we have gone off the record again. We are back on. We will take one more run at this problem.

Again I think we established that the Canadian arms dealer received his share of the commission out of the moneys that were paid to Transworld.

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A Yes.

Q How did Mr. Clines get his share of the commission?

A Separately it went into a capital account that was established for his purposes.

Q Was that a capital account established by CSF or at CSF?

A At CSF is more correct to say.

Q And the money -- then his commissions came out of Energy Resources and went into his capital account?

A Right.

Q Now, just to close the loop on this, you will notice on the printout of the disbursements from the Energy Resources account some moneys paid to Portugal arms, SBSGBA, various Portugal arms, which these are not the Transworld; these are the Defex, I take it?

A In Portugal the only arms dealer that I know that dealt with us out of Portugal was Defex.

Q Did Mr. Clines have any interest in Defex, to your knowledge?

A I have no knowledge about that.

Q Do you have any interest in Defex?

A No, I don't.

Q I mean the arms selling of Defex?

A No, I don't.

Q Did you have any interest in the accounts,

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the bank accounts into which these moneys went, and I am referring now to the moneys that are on the ledger as Portugal arms.

A If those accounts belong to Defex, I had no interest in it.

Q Okay.

What is the name of the capital account into which Mr. Clines' share of the commissions was paid?

A Finally when we came about to get things a little bit organized, we gave that account C. Tea, C point T-e-e.

Q T-e-a?

A T-e-a, that is right.

Q And what was the reason for the use of C. Tea for Tom Clines?

A Again, maintain -- it was C. Tea. When you said it over the phone -- it is for confusion, keeping the covert activity idea. So C. Tea on record could create that confusion.

Q Okay. I understand. And you are telling us why it was that you used something different than Tom Clines or something that would clearly denote Tom Clines. And I guess my question is, C. Tea, I take it, was a way of reversing his initials?

A Yes.

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BOYUM/md

1:30 p.m.

AFTERNOON SESSION

1:30 p.m.

Whereupon,

ALBERT HAKIM

was called for as a witness and, having been previously duly sworn, was examined and testified further as follows:

EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

BY MR. NIELDS:

Q Mr. Hakim, we have taken a break for lunch now, and I am going to return to a topic that we were asking you about just before we broke for lunch.

A Yes, sir.

Q It has to do with payments out of the Energy Resources Account, which on our work papers are denoted Portug Arms, SBS, GVA, and Portugal Arms DEFEX. There are a number o such entries showing disbursements. We have done an analysis, and our chart reflects that eventually, all such disbursements end up in an account at SBS with a number of [redacted]

On your ledger that you provided to us, it also -- that same account number appears, SBS [redacted] with an amount of $11 million opposite it. $11,234,598.37.

It is our understanding that this is a DEFEX account. Bu my question to you is the following: Do you, or to your knowledge, any of your business associates, Mr. Secord or Mr. Clines or any other business associates, have an interest that account?

A To the best of my knowledge, the answer is no.

MR. JANIS: Off the record.

(Discussion off the record.)

BY MR. NIELDS:

Q Mr. Hakim, can you give us any further information about that account?

MR. JANIS: To the best of you knowledge.

THE WITNESS: To the best of my knowledge, that account started to be used when we faced difficulties with banks in transferring money to DEFEX in Portugal, and that the principal person in Portugal, to the best of my recollection, decided to use his own personal account that he already had in Switzerland, and I believe that that account is his, and we chose that, or they suggested that they use that in order to cut down on the transfer time that normally banks take

BY MR. NIELDS:

Q When you said you experienced some difficulty with the Portuguese bank, was the difficulty transfer time?

A Transfer time. It was not limited to Portuguese banks, but all banks. When I transfer, it takes a -- they try to take as much time as they can.

We tried to shorten the time, thus increasing the efficiency of the shipment of the arms, because it was contingent ~~continge~~ upon payment.

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Q And I take it once again, just so the record is absolutely clear, to the best of your knowledge, neither you nor Mr. Secord nor Mr. Clines ever received any of the money that went into that account?

A The DEFEX account --

(Witness conferring with counsel.)

THE WITNESS: Could you read the question back for me, please?

(The reporter read the record.)

THE WITNESS: To the best of my recollection, the answer is correct that money CBS account -- you are referring to the CBS -- SBS account. That is correct. Yes.

BY MR. NIELDS:

Q Okay.

Mr. Hakim, you provided us in Paris, pursuant to subpoena at your deposition therewith a number of -- with records from a number of bank accounts, and I am going to list them for you, and then I am going to ask you the reason why each one was set up.

Albon Values: DEFEX; Dolmy; Energy Resources; Gulf Marketing; Hyde Park Square; Lake Resources; ToyCo; and Udall.

A Yes.

Q The records that you provided us reflected that the Energy Resources account was set up sometime in December of 1984

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and I believe the records reflect the first deposit was also in December of 1984.

MR. JANIS: Excuse me, are you talking about the Energy Resources account at Credit Suisse?

MR. NIELDS: Yes. Are there others?

MR. JANIS: As I recall, he identified another Energy Resources account. Let me make sure I am right about ~~th~~ that He identified another account in his deposition that was also subpoenaed, and he provided it to you, Energy Resources account at SBS.

MR. SABA: SBS?

MR. JANIS: [redacted] is the account number.

MR. SABA: Okay.

MR. JANIS: Do you want to go off the record here?

MR. NIELDS: Yes, sure.

(Discussion off the record.)

MR. NIELDS: In any event, let's go back on the record.

BY MR. NIELDS:

Q Relating to the Credit Suisse account, what was the purpose for the setting up of the Energy Resources account? I think you may have already testified about it, but let's go through it one at a time.

A To receive the payments that we expected to receive to pay for the arms.

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Q These are the arms which were being sold to the contr
I take it?

A Sold for the contras -- sold for the purpose of the contras, yes.

Q Our records reflect a Lake Resources account at Credit Suisse which was opened in July of 1985, first disbursements out of the account appear to be August 1985, and the last ones appear to be in September of 1986. What was the purpose of the opening of Lake Resources account?

A The Energy account was used, too much was given to too many donors, and we felt, or I felt that it was not proper to continue using that account if he wanted to continue with the covert activity, so we abandoned that company and started a new one.

Q Was the purpose -- excuse me.

(Witness conferring with counsel.)

BY MR. NIELDS:

Q Whose decision was it to open a new account?

A I think Mr. Secord and I jointly reached that conclusion, that it was time to start a new bank account.

Q Was there -- did it have a difficult -- a purpose that differed from the Energy Resources account?

A Not really. Not really.

Q Is there a reason -- did there come a time when you deliberately stopped using that account?

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A Lake Resources?

Q Yes.

A There came a time that I tried to put a better order as much as possible in a covert activity in these transactions, and I came up with a chart that, if we would have continued and the accountants would have done what I wanted them to do, proper allocation would have been made and maybe we would have been able to keep a better record of the accounting.

So there was a time that I tried to introduce a structure that could ~~being~~ bring in efficiency into the system.

Q Let's return to that. I would like to touch on all the accounts and then return to what you have just testified There is an account that you gave us records for with the name DEFEX at United Bank of Switzerland, Fribourg, which appears to have been opened in September of 1985, first disbursement that we have seen is in December of 1985, and it appears that the last one is in March of 1986.

What was the purpose for opening this DEFEX account?

A This -- the purpose for this one was different. It was to create confusion.

Q Who were you trying to confuse?

A Anyone that could have put their nose into DEFEX Portugal's activity. We were not quite sure what would have happened at the other end, and we thought it would be good if we had a fallback position having a company under the same name.

Q Why? What was it that you were concerned about people finding out?

A They were dealing with too many different arms dealers from the Eastern Bloc. We were not quite sure what was going on, and as we got more into this, and I learned more about arms business, I found it to be adequate to have a lot of fallback positions.

It was a dangerous business, and I didn't want to get trapped with transfers -- let me give you an example. Many times we had to make a transfer prior to receiving shipment and I didn't ever feel comfortable in doing that, and the Eastern Bloc suppliers didn't feel comfortable supplying those hardware.

So, I preferred, if we could, the money to go to a DEFEX that was under our control and be able to tell the people that ~~they~~ their money is there, and see what happens. It was -- it was a confusion process that I was hoping to use.

I don't know whether we got a chance to use that or not, but I wanted to make sure that we had maximum security also for protection of our monies.

Q All right, let me see if I understand. DEFEX is buying arms from Eastern European suppliers.

A Yes, sir.

Q The Eastern European suppliers don't want to ship the arms until DEFEX tells them that they have the purchase price paid into a DEFEX bank account.

A Yes.

Q You set up your own bank account in the name of DEFEX so that DEFEX, the real DEFEX, could tell, or you could tell the Eastern European suppliers that the money had been put into a DEFEX account.

A I could tell real DEFEX that DEFEX was put into the DEFEX account.

Q Would that feel real to DEFEX?

A I was hoping that it would.

Q Wouldn't they know whether it was their account or somebody else's?

A No, because the way the banks play around with the money, I didn't see anything wrong in us ~~to~~ playing one of their tricks, the bank's tricks, and see if we could get the shipment moving and feel more comfortable that the goods were on its way before we actually made the transfer to DEFEX.

I don't think it -- I don't think we quite fully used that tactic. We found other methods. I believe in one particular case, we used a British bank to achieve that.

Q But --

(Witness conferring with counsel.)

THE WITNESS: Mr. Nields, I want to make sure the explanation I gave you was just as an example of why confusion, how we could use that, do that.

BY MR. NIELDS:

Q What would be another example?

A To use trace -- to lose trace of money so it could not be identified.

Q Can you explain that? Give us an example.

A Let's see if I can come up with a good example. One of the techniques, one other technique that we used to lose trace of money was to cash the money and break continuity.

That was costly. So this was another technique to say that the money was sent to Defex and anyone who might have been interested to know where the money went think that money went to Defex Portugal, where actually still it was within our system.

Q So, this would permit you to make somebody else believe that you did not have control of the money when in fact, you did.

A That is the best way to put it, yes.

Q But what I am asking you to explain is who -- give us another example of a person you would want to fool in that manner?

A I cannot think of another person to give as an example, but when you have accounts under the same name but owned by two different beneficiaries, that creates a great deal of confusion, and that was really the basic objective, to ~~ereat~~ create as much confusion in the accounting as possible.

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Q All right, I understand that, but what I don't understand is who you were trying to confuse.

A Anyone who came -- there were arms dealers, banks, bid quoters. My understanding has always been that if you trace the money, you can get to the source, and I tried to create as much confusion element in this routing as possible.

Just as a matter of principle, I thought the more confusion, the more difficult to trace the money.

Q And in May -- excuse me, April -- scratch that.

In May of 1986, you apparently put a first deposit in a bank account in the name of Dolmy and the last disbursement appears to have occurred in November 1986.

What was the reason for setting up the Dolmy account?

A That was again part of the reorganization, but if I remember correctly, we happened to use that company at the later date, when a requirement came about to purchase a ship. We had that company, so we used that company for that purpose.

But basically, my experience was that CSF is not a company established for the purpose of handling covert activity. They were not.

They did not have the facilities or the desire of getting involved in a covert activity. It was trying to slowly create my own, if you will, CSF, using their expertise and their computers, their accounting procedures, but effectively get to a point that I could have our own organization without

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getting them further involved more than what they were, and therefore, I created a chart, and I intended to slowly organize our -- as time permitted -- our activity, and if I remember correctly, I divided the world in three regions, Latin America, Middle East and Africa, and for each region, I created companies to be used to receive money, and a receiving entity to act like a treasury, if you will, and then start -- I would start giving alphabetical annotation to these companies, so we could, when we wanted to spend money, and be able to use a letter so the bookkeeper would know where to allocate it.

Q You had receiving companies. What other kinds of companies did you have?

A I believe that chart was printed in the Tower report.

Q Yes, it was.

A If I had a copy, it would refresh my mind. I could explain it better.

Q Someone else may have one. I do not.

MR. WISE: I have the report.

MR. JANIS: We have it.

MR. WECHSLER: I have it.

MR. JANIS: Mr. Nields, for the record, I have made available to Mr. Hakim the Tower report, and the chart to which he is referring is on page C-16 of the Tower report.

THE WITNESS: This was my approach, trying to slowly

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set CSF aside and start our own organization, get our own bookkeepers, continue to use their accountants and then be able to efficiently do the bookkeeping and allocation of the expenses and the incomes and so on, because the inefficiency of the system was so much that not only was it ~~it was~~ difficult to continue to keep track of what was going on, it created a lot of hard feelings between myself and the bookkeepers of CSF, especially Mr. Farina, continued to have fights, actually fights, and to a point that he refused to work with me because of the continuous mistakes.

I talked to CSF about the possibility of subleasing a room in their organization, having access to their computers and start keeping the books the way I wanted it. We reached that agreement.

I asked also, CSF, if they would be kind enough to interview accountants, and for us to hire our own accountant that we could keep the books the way we wanted it, to finish with the mess and the sloppiness that we had in the system, the degree of sloppiness was beyond anyone's acceptance.

This system was intended -- I will explain it to you -- to expose these three companies, Lake Resources, Gulf Marketing Consultants, Dolmy Business, Inc., as you can see, as collecting companies.

The intention was that once we used Lake Resources -- as a matter of fact, I gave a date to the people that you use

Lake Resources until such and such time, after that time, no longer use this account for transfers of any funds, abandon that. Use Gulf then.

Once you have used this for so many more months, abandon that and go to Dolmy. I didn't want to come back, and each time out of pressure form a company, so I went ahead and formed these.

So, we had these companies on the shelf. I want to stick to answering the question that you asked, and if you would like me to go further to explain what the rest means, Dolmy, although it was intended to be used as a collecting company because a new requirement came about for which we were not prepared, we were always -- or at least I was always hit with surprises.

These surprises created a lot of headache and difficulty in the total system, gave a lot of difficulty to CSF and its staff. The requirement was to purchase a ship. They wanted things done always yesterday. There was not enough time.

BY MR. NIELDS:

Q Who wanted things done yesterday?

A Basically, I think the agent behind this speedy style of activity was Oliver North, but I was getting my input from General Secord. Overnight, you know, get a -- go ahead, you are going to go buy this ship, the ship we have been leasing until then.

There is a new assignment. Okay, so there is no time to go ahead and form a new company. The best thing I could do, I used the last company in the row, the last collecting company in the row for that purpose, so Dolmy ended up being a company owning our shipping activity.

Q I still want to come back to this chart, but before I do, I want to run through the other accounts.

Dolmy, you say, was originally set up as a receiving company, but ended up being used for the ship?

A That is correct.

Q And that was something that had to be done yesterday, which Oliver North wanted done yesterday. What was the purpose for acquiring the ship?

A At the beginning, they didn't tell me. They told me it was a classified operation, and I don't think I learned about this until after the project was -- this classified projec was abandoned, but in the meantime, we had gone ahead and purchased the boat.

As a matter of fact, I had to get corporate documents to go to where the boat, ship was, and actually my signature appears on the documents, the purchasing documents.

Q When were you first told what the purpose of buying the ship was?

A When we started to use the boat for other purposes, they told me that -- I think it was General Secord, said, well, they decided not to use our boat.

By the way, I should come back to this. Before we decided to buy the boat, the boat was examined by Tom Clines and Mr. -- a person that I knew as Olmsted. We actually went to where the boat was.

I did not go there, I was there to conclude the procurement. I had no operational assignment. Those two gentlemen went and looked at the boat, came back and reported back that it would suit the purpose, whatever the purpose was.

Q When did you first find out about the --

A I believe when we started to use that boat for the so-called, I like to classify it as the Iranian operation, they told me that project was abandoned.

Q Which project?

A The classified project was abandoned, and that -- and I asked what that project was, [redacted]

Q Did they ask you to produce some of the information collection equipment out of Stanford Technology?

A No, not at all.

Q Then, the next -- we have discussed Energy, you started making disbursements out of the Gulf Marketing account

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in March 1986, and continued until June 1986. What was the purpose for setting up Gulf Marketing?

A I already testified, Gulf was the next collecting company in the row, and Lake was to be abandoned after a certain period of time, after it serves its purpose to be abandoned and go to the next company.

Q Hyde Park Square. You began disbursing money out of Hyde Park Square in April 1986.

A If the record so indicates, that is correct.

Q And continued through November of 1986.

A Yes.

Q What was the purpose for -- by the way, was that a pre-existing company and account?

A Everything that you see on this chart was created when I created the chart. In other words, all these companies were formed or were there when I put this chart together. And this is to the best of my recollection.

Q Our records reflect that Hyde Park Square was incorporated in 1983.

A Probably it was an off-the-shelf company that we picked up and used. I am talking about the time that we -- it is very customary, Mr. Nields, that you find a Panamanian company on the shelf ready to be taken and used right away.

Q Were these companies that had been set up for you or just set up by CSF that they had ready to use?

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A I cannot be quite sure. One company here that I am sure they formed as my -- at my request, was ToyCo.

Q ToyCo was formed in April 1986, the bank account was set up in May 1986, and it began to be used in May 1986. What was the reason for setting up ToyCo?

A To answer your first question, I can't recall at this time that these other companies were in existence, and we picked them off the shelf and used them. ToyCo, I remember it. I requested it to be formed for the purpose of what in a joking manner was referred to arms and weapons as toys.

So, I came up with a name, ToyCo, and I said I would like to have a company to deal only with weapons, and my whole intention was to have a proper accounting allocation. So, if anyone would -- if anyone put letter H on any document automatically the bookkeeper would automatically know without us having to explain it to them, the purpose of this activity, I came up with this design for the accountants not to know what we are doing, at the same time to be able to make proper allocation.

So, if we spent money that went to weapons, for weapons, we were supposed to annotate that with H.

Q Was there a particular purpose for setting up ToyCo?

A I did not want anything that had to deal with weapons, arms, to be intermingled like it was with all of our other activities. Weapons in Switzerland is something that you

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really don't want to deal with. I was trying to get organized, if we had to cut this company out and dispose of it without endangering all the other activities to be able to perform that surgery.

So, I wanted to bring in all weapon activity into ToyCo and concentrate on that. We had other activities, Udall, we started to use that to the best of my recollection for other activities in South America, specifically contras, I believe this is the company, I am not sure, to buy that piece of property and have other assets.

I didn't want that to be part of a corporation that dealt with weapons. If I had to -- let me give you an example. If we had one company that owned property, and through that company we also transacted arms, if I wanted to dissolve that company, I would have been in a bad position. What do I do wit the assets or the property, land and so forth, that we have in the company; what are we going to do with that?

So, I was trying to get to a point that weapons could be purchased, and dealing with weapons could go in one company and if we needed to cut that out of our system to be able to do that without endangering the rest of the activity.

If you go back to the date that ToyCo was incorporated, please.

Q That is -- incorporated or when the bank account was opened?

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A Well --

Q It was incorporated April 17, 1986.

A It was in 1986. What I am trying to say is that early, or during the first half of 1986, we started -- or I started with an effort to try to put the activity in an orderly fashion.

It was a big mess, and the projects were aborted, if I am not mistaken, in November, our total activity was aborted in November. That was when Mr. Meese --

Q Mr. Meese made his announcement in late November.

A Okay. So between May and November, we did not have sufficient time to implement this. I went ahead, structured it, I was hoping that I would get the accountant, the people, but we did, by the way, quite a bit. It is very important for you to know, you complimented my attorney, Mr. Janis, for the wonderful job he did in putting the accounts together.

Believe you me, a hell of a lot of effort went into preparing some of the work, even before the revelation of our project, that if we had not done that, in no way he or any other accountant could have reached to where he got in less than one year. That is how messy it was.

We made an effort. We started to have computer read-outs. We started to find ways of going around the company that is not set up to do covert activities, CSF, not telling the employees what we were up to, not telling them that we were dealing with weapons. It was a big task. Yet, at the same time, come up with a system that we could introduce order. So we did take care of a lot of preliminary work, but we never got to a point that I could exploit -- employ this total network.

I managed to partially get there. I tried to get Hyde Park free and clear of any other activity, allocate that only to Middle East. To my surprise -- well, I should say to my surprise, CSF was not meant to be a company to deal with covert activities.

The people did us a favor and they were handling at my request our accounting, but still, I noticed at the intervals that we looked at the accounting situation that monies were intermingled again.

I could not implement the discipline that I wanted. I could not get the accountants to say, when I say G, allocate it to G, or I say H, allocate it to H, or F and so on. It never got off the ground to that point.

So, Hyde Park was meant to deal with the Iranian affair.

Q Now, you --

MR. JANIS: There was a question probably about 15 minutes ago --

MR. NIELDS: That is allright. He has been giving us information.

BY MR. NIELDS:

Q Mr. Hakim, on -- first of all, I want to ask you, we have now at least mentioned the questions and answers, Udall, ToyCo, Lake Resources, Hyde Park, Gulf, Energy, Dolmy, Defex and Albon, Albon Values.

Were there any other bank accounts or companies that were in any way at all related to the arms sales to Iran or the support of the contras?

A Yes.

Q What?

A I believe I have given you the list of those companies in Paris. You have a listing of that, those companies.

MR. JANIS: For the record, I think he identified a number of companies.

MR. NIELDS: He did, he identified additional companie

MR. JANIS: And the bank accounts.

MR. NIELDS: I better get the bank accounts, because I am not certain of that.

MR. JANIS: Do you want me to give them to you?

MR. NIELDS: Yes.

MR. JANIS: The additional bank accounts he identified were in Energy Resources bank account at Societe Bank Suisse, SBS, and a -- we have talked about Defex SAUBS and he also identified an account, Stanford Technology Corporation Services, SA, Fribourg, at the Trade Development Bank in Geneva.

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MR. NIELDS: Do we have those records?

MR. JANIS: You have those records.

Let's go off the record.

(Discussion off the record.)

MR. NIELDS: On most of the accounts, the signatories are people you have identified earlier in this deposition as being employees or associates of CSF, but there are some signatories on the Gulf Marking account that I want to ask you about.

MR. JANIS: Do you have the documents?

MR. NIELDS: Yes.

BY MR. NIELDS:

Q There are signatories named Sebastian Criscione and Marie-Noelle Eggertswyler. Who are they?

MR. JANIS: If you know.

THE WITNESS: I don't know who these people are, but if you have the corporate records, probably they are shown as the directors of the company.

That is the only logical way that they would appear on the bank accounts.

BY MR. NIELDS:

Q Are these people who live in Liberia?

A Probably. I don't know.

MR. JANIS: Do you know. Off the record.

(Discussion off the record.)

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BY MR. NIELDS:

Q Are you aware of any arrangement on any Gulf Marketing account pursuant to which there was a joint ~~siagnatory~~ signatory arrangement with principals of Defex?

A Well --

MR. JANIS: You are talking of principals of Defex Portugal?

MR. NIELDS: Defex Portugal.

THE WITNESS: It rings a bell.

MR. NIELDS: What was the purpose of that?

MR. JANIS: Could you repeat that question again? I want to be sure I understand it.

(Record read by the reporter.)

MR. JANIS: If you know.

THE WITNESS: The lead that I am going to take from the question that you have asked is a joint account with Defex. I cannot remember whether it had to do with Gulf or any other banking arrangement, but I recall a transaction that again, because of my concern in connection with the payment in advance for the arms that we had not received, I accepted or I came up with a suggestion which I don't know if it ever got off the ground, that gave signatory power to an account that both Dr. Garnel and Tom Clines had signatory power that once Tom Clines was satisfied, that the goods -- it was some sort of an arrangement like an [illegible] account in our terminolog

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But it was done with Gulf Marketing or else I cannot answer, but that portion that I told you, I remember something, but I believe that never also never got off the ground. I believe it ended up with a different arrangement in London.

There should be a transaction in connection with Portugal or Defex happening in London.

BY MR. NIELDS:

Q But you think this joint signatory arrangement may have been worked out with respect to an account that no money was ever put in, is that what you are saying?

A That --

(Witness conferring with counsel.)

BY MR. NIELDS:

Q You provided us with a signature card for a Gulf Marketing account, and the signatories on the signature card are Sebastian Criscione, Marie-Noelle Eggertswyler, Jose Garnel and Marcelina Leal. Maybe that is Marcelina Greta Leal. I think it probably is.

A That is a Defex employee, Marcelina Leal.

Q Yes.

A I think my earlier testimony is reasonably accurate. Those people signed the signature card, and Tom Clines was given -- was empowered to call and have one of the CSF people to sign when the event took place to release the money, but he never used it.

Q You Say one of the CSF people, presumably you are referring to Criscione and Eggerstwyler?

A I think so.

MR. JANIS: May we go off the record again?

(Discussion off the record.)

MR. NIELDS: Let's go back on the record.

BY MR. NIELDS:

Q Returning to the chart which is page C-16 of the Tower Board report, it depicts various bank accounts. It omits the Energy Resources account, which I take it was no longer being used in 1986.

A It was not supposed to be used, but --

Q It also omits the Defex UBS account, which I take it had served its purpose by some time in 1986?

A Yes, correct.

Q And it omits the Stanford Technology account. Did that continue to serve any purpose in 1986?

A Stanford Technology Service -- is that what it is?

Q Yes, Fribourg.

A No, that continued to remain -- that was -- if I am not mistaken, that is a Swiss company, and we used that to establi an American Express account, so we could use the American Express again in line with my effort to try to bring discipline into all this bookkeeping.

We wanted to start using credit cards. We could not

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do that with a Panamanian company, so we, I believe, used that

MR. JANIS: Do you have a question?

MR. NIELDS: Yes, I think he wants to ask a question of Mr. Hakim. Are you testifying just now about Stantech Services, SA, or are you testifying about Stanford Technology Corporation, SA?

THE WITNESS: I am talking about the company, Stanford Technology Services, SA --

MR. JANIS: No, no. Just read this.

THE WITNESS: In connection with the American Expres credit card I am talking about, account number [redacted] of Stanford Technology Corporation Services, SA, Fribourg, at Trade Development Bank, Geneva. The reason we used Trade Development Bank, Geneva, is because one of them bought the other one. Either --

BY MR. NIELDS:

Q All right. My question is, why is Stanford Technology Corporation, SA, not on the chart of accounts which is page C-16 of the Tower report?

A That didn't come as part of the structure that company -- I don't have the date that this company was incorporated. If you can give me that date, I may be able to help you.

Q January 30, 1976.

A Okay, so it was an existing company that I had for

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my previous activities, so it was there, and we used it.

As I testified just a minute ago, we needed to have a Swiss company. It was a dormant company that we had. It was Swiss.

So, we used it for that purpose.

Q And so, Stanford Technology Corporation was set up for a limited purpose -- excuse me, not set up, but --

MR. JANIS: No, no, you got to be careful with these names, because they are confusing, Stanford Technology Corporation and Stanford Technology Corporation Services, SA, are two completely different entities.

MR. NIELDS: Well, I think there are three.

MR. JANIS: There are probably more than that. But Stanford Technology Corporation Services is what we are talking about.

THE WITNESS: What I am testifying, now that you have given me the date of the incorporation, during the time that I was living in Switzerland and I was dealing with Stanford Technology SA, the earlier part of my testimony, I had this company as well, because we had some difficulty with someone, a gentleman called Mr. Stanford, and he didn't like to see that name -- I won't go into that.

So, I formed a company, Stanford Technology Services, and it was there, dormant, we didn't use it. When it came time that we needed to use credit cards to create ~~efficier~~ efficiency

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I used that company. It was not part of the chart. It had to be a Swiss company to get credibility with the banks. We could not use a Panamanian company and get a credit card.

MR. NIELDS: Let's go off the record.

(Discussion off the record.)

MR. NIELDS: Back on the record.

I want to ask you, there are signature cards on the Hyde Square account for someone named Jones and someone named Barnett.

MR. JANIS: Can we see them?

MR. NIELDS: Yes, you may. Daniel Jones, and Burt Bartlett.

MR. JANIS: Is this the whole thing? I don't want to look in your private papers here.

MR. NIELDS: You can look at anything you want. It all came from you.

MR. JANIS: Are these -- let's go off the record for a second.

(Discussion off the record.)

MR. JANIS: Before you answer that, having looked at those records, I am not sure that the records you showed Mr. Hakim are actually bank signature cards. They appear as if the might be corporate papers and not bank signature cards.

Do you know who those people are? In any event, you want to know if he knows who they are?

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MR. NIELDS: Yes, regardless, do you know who those people are, Mr. Hakim?

THE WITNESS: No, I don't. No.

BY MR. NIELDS:

Q I want to stay with this chart C-16, there is a column for Africa. What is the reason for that?

A Jokingly, one day I believe General Secord said that, who knows, if we do a good job, the President may send us to Angola.

I said, at the rate these people have been going in coming up with so many surprises, I would not be surprised if they indeed did that. And I didn't want to have the burden of running around doing too many things at the same time, like I was, so I said, let me go ahead and form another -- not form the company, but have it ready, discipline the people; if indee it would happen, I would just plug in a company in there and go ahead with it.

Just further foresight on my part.

Q When was the conversation?

A I am sure prior to my creation of this organization chart. I really don't remember when they were joking about it. I think it was in the context that something had gone wrong and we read something in the newspaper.

There must have been an ARCO report on Angola and Richard joked about it. In my mind, I said, you know, the way this crazy thing is going, they might do that.

Q A minute ago, you referred to, you said you didn't remember when they joked about it. Who else was joking about it About Angola?

A I don't know. I believe when it happened, we were in STTGI offices in Vienna. It is possible that -- I think Mr. Dutton was there, too. It is such a long time now, when we read the newspaper, there was something wrong and he said, well, who knows, they may ask us to do Angola, and it stayed in my mind.

Q Was there anything more said about Angola than that?

A No.

Q To the best of your recollection, when did you create this chart?

A To the best of my recollection, I think it occurred when I felt that we have an enterprise that is going to stay alive for more than one day, and that occurred when the Iranian initiative was getting organized, so if we started with the Iranian initiative sometime in February 1986, I would say mid-1986. That is a guess on my part.

Q That means summer of 1986?

A Could be.

Q Is that --

A That is reasonable.

Q Is that your best recollection?

A That is my best recollection. I did not feel comfortable, Mr. Nields, that we had a company that could sustain itself and stay on its own feet and go on until the Iranian initiative started to move along.

And then I saw the need to put some order in our activities and start with a better accounting, better bookkeeping, better allocation, so I thought it was about time for us to get professional.

Q Do you associate it at all with the time when you began on what is referred to as the second channel?

A Could be. Could be. We started with the second channel -- I started with my search, we met the so-called relative and I wished to God that they would stop using the word relative on TV, in August, so I -- I must have started with my efforts to contact my Iranian contacts in June-July to be successful in August, so that could be. That could be the right time.

Q The money that was paid for the arms sold to Iran went into Lake Resources with the exception of the last shipment. That money went into Hyde Park Square.

A Yes.

Q Now, I guess I have two questions. That means the last money that was taken into Lake Resources which related to the Iranian arms transactions was in May of 1986, and the --

MR. JANIS: Is that it?

MR. NIELDS: I haven't finished the question.

BY MR. NIELDS:

Q -- the money that went into Hyde Park Square, which was the next transaction, was in October. Looking at your chart -- my first question is, looking at your chart, does that put a frame on when you made the chart, or not?

A No, it doesn't, because Lake Resources existed for a long time before then, so the fact that money went to Lake Resources would not give me one end of the time spectrum.

Q What I am suggesting -- let me sharpen my question and I am not trying to put words in your mouth -- but you have placed Hyde Park Square on this chart as a Middle East company.

A Yes.

Q And I guess what I am asking is, is that tied in any way to the fact that it was used as the intake company for the last Iranian transaction?

A It wasn't at all meant to be used for the intake company.

Q That was my next question.

A No, it wasn't.

Q Well, does that -- why not, if this chart was done prior to that time, why was Hyde Park Square used as the intake company?

A Things changed in the second channel. During the course of our relationship with the people as you refer to the second channel group, we started to become more professional

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in our dealings, our financial dealings. We -- I was sitting down talking to the people who had signatory power to sign checks.

They actually handed out the check to me personally. Their English was not good enough, they gave me a blank check, I wrote in the figure in the check. It was a totally different relationship. It was no longer this Ghorbanifar, Khashoggi, Israelis -- all these had disappeared. It was a clean, straightforward relationship. We were talking with the real McCoys. They were sitting across the table from me.

We were talking and so they handed out the check to me without a receipt. I didn't have to take it to the collectin company. It was a straight -- straight into where it had to go, into Hyde Park. The reason, as I mentioned, we used the collecting companies was to confuse the flow of the money.

When you transact, they gave you a check, you are starting to deal -- it was covert, but it was, you know, a professional covert activity. I didn't need to go through the zigzag. I deposited personally the check.

Q Where did you -- where was the chart prepared?

A The chart was prepared in CSF. In the offices.

Q By you?

A Well, I drew up the structure, and then they used the printer and their computer to come up with the final form.

Q Was there a secretary that typed it?

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#4

CAS-1

MR. JANIS: Let's go off the record for a second.

MR. NIELDS: You want to go off the record and out of the room?

MR. JANIS: Yes.

MR. NIELDS: That is really off the record.

(Discussion off the record.)

THE WITNESS: Yes, sir.

MR. NIELDS: Do we have a question pending?

THE WITNESS: I understand you asked me if there was a secretary who did this?

BY MR. NIELDS:

Q Yes.

A I tried to work with the tools that I had. I -- the person that I trusted to discuss these with was the son of Mrs. Zucker --

Q I take it that is Eric Zucker?

A That is Eric. He had time off, and I used his services and paid him separately to bring in order in this and he printed that with their printer using their computer.

Q How did that chart get into Mr. North's files?

MR. JANIS: If you know.

THE WITNESS: I don't know. I did supply a copy of this to Mr. Secord. I don't know how it got to Mr. North's file. I have no idea.

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CAS-2

BY MR. NIELDS:

Q Were there other additions or versions of that chart?

A Not within my system as far as I remember.

Q Now, my -- is this a complete chart?

A Yes.

Q What is the significance of the letter "R"?

A Reserve.

MR. JANIS: For the record, Mr. Nields, you are pointing to the block that says CSF Investments, Limited, R.

MR. NIELDS: Correct.

THE WITNESS: That is where I put the -- what I refer to as reserved money. Upon my return to the United States I watched the video tapes of General Secord's testimony. He refers to them as CDs. There was no such thing as CDs, cash certificates of deposit. It was an investment in CFS Investment. I referred to it as reserve. The reserve to me meant monies that technically should have been set aside and not to be used for operational purposes.

That was used for insurance. It was used for --

BY MR. NIELDS:

Q I want to be absolutely sure I understand what you are saying about CSF. Are you saying that that "R" stands for reserve on that chart?

A Yes.

Q Are you certain of that?

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CAS-3

A That is why I put it there. I put that "R" in there.

Q I just note that there is an "A", a "B", a "C", all in the upper right-hand corner of each box, a "D", "E" and "F" and a "G" and "H" and "I", and then --

A Then we go to "P".

Q Those letters don't stand for words that begin with "A" or begin with "B" or "C", I take it.?

A No.

Q That is just an alphabetical listing. Are you saying "R" is not an alphabetical listing?

A You~~r~~ are right. That is correct.

Q I am going to put in front of you, Mr. Hakim, what we have been referring to as the ledger. Do you also refer to it as the ledger?

A These are the documents that I supplied or this is your worksheets?

Q Yes, you supplied us with these documents. As you can see, they bear your consecutive numbering system from page 957 through page 1146. You may peruse them if you wish before answering my question.

MR. JANIS: When you say "your consecutive numbering system", those are numbers that were put on by the committee?

MR. NIELDS: No. They were on there.

MR. JANIS: H-957?

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CAS-4

MR. NIELDS: Maybe they were put on by us. I am sorry. They were put on by us. I beg your pardon.

THE WITNESS: I have looked at the documents, Mr. Nields, can you please repeat your question.

BY MR. NIELDS:

Q Well, I had asked just a very tiny question to begin with, which is whether you also called that the ledger.

A I didn't call it any names.

Q Let's call it -- it is not a bad name -- let's call it ledger from now on, okay?

A I have no problem.

Q What does the ledger, and by that I mean all of the documents that I put in front of you --

A In this binding.

Q In that binder, yes, extending from H-957 to H-1146. What does that represent?

A These documents, to the best of my knowledge, have been produced as the result of the work of my attorneys and the accountants that they employed.

MR. JANIS: No, let's go off the record.

(Discussion off the record.)

THE WITNESS: I want to clarify one point that -- when I defer to my lawyers, I continue to include Mr. Zucker still as my lawyer.

I believe these are the documents that were prepared

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CAS-5

I had not seen these before. I believe these are the computer printouts that his organization produced for the purpose of giving it to you.

BY MR. NIELDS:

Q Well, I want to get to that in a minute, but my first question is simply what do they represent? What do they purport to -- see if I can ask the question in a way that is easier to understand.

There are a number of financial transactions reflected in the ledger.

A Correct.

Q What is this -- what category of financial transactions is this ledger supposed to cover?

A It shows debits, credit, and balances.

Q Yes, but with respect to what kind of transactions?

A This first page refers to --

Q Let me withdraw it and ask you another way. Is this ledger designed to cover all of the Iranian arms transactions and all the transactions relating to the support of the contras that you and Mr. Secord engaged in?

MR. JANIS: Do you want to take a minute to look at them?

THE WITNESS: May I take a moment and look at these, please?

MR. NIELDS: Yes.

CAS-6

(Discussion off the record.)

MR. NIELDS: Shall we go back on the record? Is there a question pending?

(Whereupon, the reporter read the pending question.)

MR. JANIS: If you know.

MR. HAKIM: Mr. Nields, I have not seen these records before. I have not examined them, but if the result of all these transactions shown in this so-called ledger would be the same as what I testified to during my Paris testimony when I gave you the inputs and ouputs in all the accounts and then the answer to your question is yes.

BY MR. NIELDS:

Q Well, that document that you are holding in your hand and testifying about was produced by you to these two committees in Paris. You are aware of that?

A Yes, sir, I am.

Q And that was produced, I take it, at your direction?

A Correct.

Q And it was produced because it relates to the receipt of contributions for the Nicaraguan resistance and the proceeds of sales of U.S. arms to Iran?

A Yes.

Q And it is a document, I take it, which purports to account for how those monies were spent?

A Yes.

CAS-7

Q And it was, I take it, prepared by your agents?

A Yes.

Q And those are people at CSF?

A That is also correct.

Q And I will state that we have reviewed this ledger. It appears to account in one way or another for all of the monies received into the bank accounts that you have testified about and that you have produced the records of to these committees?

A Yes, sir.

Q And I take it you have no knowledge inconsistent with that and you believe indeed that that ledger does account for all those monies in one way or another?

A In that context, yes.

Q And you are not aware of any bank accounts which you have not produced to these committees which relate in any way to the receipt or disbursement of monies contributed for the Nicaraguan resistance or monies received from the sale of arms to Iran?

A Not that I am aware of.

Q Now, what I would like to do is -- this time I am going to mark this as Exhibit 1 to this deposition.

(Whereupon, the document referred to was marked for identification as Hakim Exhibit 1.)

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BY MR. NIELDS:

Q Mr. Hakim, I am putting in front of you a document which has been marked Deposition Exhibit number one, and it consists of some pages out of the ledger which you have just finished testifying about.

A Yes, sir.

Q I would like you to address yourself first to the first page and it is a page that is numbered H-957 and it says up at the top left, "capital invested". Below that it says "capital invested, total group". What does "capital invested" refer to?

A I don't know what the accountant/bookkeeper had in mind by that terminology.

Q Well, there is a -- down below there are a list of five names, Albert Hakim, Korel Assets, C. Tea, Scitech and Button.

Now, you have told us what C. Tea denotes?

A Yes, sir.

Q That is Tom Clines; is that correct?

A Yes.

Q And did he receive some -- I think you have already testfied that he did -- receive some profits in effect, commissions out of the transactions?

A That is correct.

Q And they were put in a capital account under the

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name C. Tea?

A Yes.

Q And this document on its face relates to capital and then underneath it has C. Tea and an amount of money. Is that an amount of money put into C. Tea, that is, Tom Clines, capital account?

A It should.

Q Okay. Now, then there is at the top, it says "Albert Hakim" -- that is you, I take it?

A That is right.

Q Now, is this, the numbers opposite that represent your capital account?

A After they put everything together and show that under my name -- in other words the original arrangement had the box that we referred to earlier as reserve -- that has been combined with everything else in here and has been shown under my name.

Q Okay. Let's see if we can come back to that.

What ~~is~~ does Korel Assets refer to?

A Korel Assets was again a situation that I had an existing company for a different purpose and I used it to collect or keep the portion of the commission that was supposed to go to General Secord. That was the intent of it.

Q How about Button?

A That was set aside some time back from the monies that we could afford to set aside for death benefits.

Q Why was the word Button used?

A Most of these things came about as a joke or something like that. I believe something button-up or something, I don't recall now.

Q Well, bellybutton is the word that appears in handwritten ink on one of the documents that you turned over to us.

A That could be bellybutton, yes.

Q What does that have to do with death benefits?

A No, you know, probably wiggle and touch somebody's bellybutton. I don't remember now. It has been such a long time.

Q All right. What kind of death benefits was this set aside for?

A If I had the dates, I probably could help you better.

Q May 20, 1986.

A May 20, that was when this thing started?

Q That was when the $200,000 was put into the capital account in the name of Button.

A It should -- that is probably one we got organized. This money should have been set aside earlier having to do with the contras. So I don't know why the -- May 1976 --

Q 1986.

A 1986. It was one of the reserve accounts for death

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CAS-11 benefits. How we got to that at that date, I don't recall.

Q Why is there a reserve account for death benefits listed as one of the five capital accounts?

A It was bearing interest for the benefit of the pilots and so on that -- we set that sum of money aside and left it, bear its own interest and benefit for that purpose, for the account of those people. We didn't want --

Q Why was it put in a capital account?

A Like I said, we did not want to benefit from the income and interest of the money that we had set aside for that. It should be allocation of interest to this, I am surprised that it is not. Maybe we started out with less money and that was the total then, I don't know. But the intention was it should be an interest bearing account.

Q Why wouldn't it be a reserve for expenses rather than a capital account?

A For expenses you didn't need reserves. The monies we should not have spent we always set aside in a capital account.

MR. JANIS: Mr. Nields, I have a question. Maybe I misunderstood you.

Did you indicate that Button was deposited on May 12, 1986?

MR. NIELDS: May 20.

MR. JANIS: The first page of the Exhibit 1 says

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CAS-12 trial balance from January 1, 1984 to April 12, 1986. That woul purport to enclose a month before you said that the Button deposit was made.

THE WITNESS: My testimony was that I was surprised. It should have been earlier.

BY MR. NIELDS:

Q Turn to the second to the last page of the exhibit.

MR. JANIS: The second to the last page of the exhibit, H-970?

MR. NIELDS: H-970, upper left corner, the numbers "20" and "5".

MR. JANIS: At the very top it says again from January 1, 1984 to April 12, 1986.

MR. NIELDS: Do you see the "20" and the "5"?

MR. JANIS: I see that now.

MR. NIELDS: Okay. Would that denote the 20th day of May?

MR. WECHSLER: It doesn't have a year, though, does it?

MR. NIELDS: We will get to that.

MR. JANIS: The document is labeled to April 12th, 1986.

MR. NIELDS: Wait a minute. You are using American dating. This is European dating and it is the fourth day of December 1986. Isn't that right?

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MR. JANIS: I don't know if that is how they did it. You write normally on a Swiss document, it is run this way, but this is --

MR. NIELDS: All of this, look at the left-hand columns of it. They are all done with the day first and month second.

MR. JANIS: So you mean this is from January 1, 1984 to December 4, 1986.

MR. NIELDS: Precisely, and you will notice there are numerous entries long past April 1986 on the capital accounts. I have just put in front of Mr. Hakim a wire transfer of $200,000 on May 20, 1986, and you will find another reference unambiguously 1986 on page 962 of Exhibit 1, H-962 of Exhibit 1.

MR. JANIS: I think you are right.

MR. NIELDS: 25 CSF investment rate, Button, $200,000. If you look at the entries before you will see that it is 1986, the year is written up above it.

MR. JANIS: Yes.

MR. HAKIM: The instructions that I had given, Mr. Nields, to CSF to set that money aside was not in 1986. It was a long time before that.

BY MR. NIELDS:

Q That is why I want to ask you about this transaction. I take it what you are saying is that much earlier than that

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you suggested that they set some money aside for death benefits?

A And it should bear interest and have its own income.

Q Fine. But what I am asking you now is about a different transaction which is the one in May, May 1984.

A Yes, sir.

Q Now, I want to know what that transaction related to.

A I don't believe this is any different than that. However, my assumption is that CSF until 1986 when I started to really get into trying to organize things, did not carry out my instructions and kept everything intermingled and when I started to look at the accounts and ask them where is what and I noticed that they did not do it, and that is when they effected my instructions.

Q Let's take this in pieces now. Are you saying that you of your own memory know that Button refers to insurance?

(Witness conferring with lawyer.)

THE WITNESS: What I remember, Mr. Nields, is that at a time much earlier I told CSF to set aside monies for death benefit. When we gave the name Button to this, I don't remember that date.

BY MR. NIELDS:

Q Do you remember -- you are saying, Mr. Hakim, that

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you remembered that the word "Button" was applied to death benefits?

A That was my instructions.

Q You instructed them to apply tha word "Button" to ~~death~~ benefits?

A Yes.

Q And you are saying that you remember that?

A I -- that is correct.

Q So you are not -- this isn't just guesswork. You are testifying that Button refers to death benefits?

A That was my -- I am saying that I told them, where is the $200,000? And they asked me under what account do you want it, to keep it, and I said "Button".

Q Okay. Now, what was your reasoning for using the word "Button"?

A If I am not mistaken, it came about as the result of the terminology that Mr. Zucker used saying in the meeting that I had with him, he talked about a wiggling, touching, bellybutton, that is how it came about. He came up with the verbiage and I said why don't we use "Button" for that purpose.

Q What does wiggling and touching bellybuttons have to do with death benefits?

A I think it had to do with the family of the possible victims that somebody had to wiggle their bellybuttons. I ~~thin~~ think

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that is how it came about. It does not -- unlike, for instance, C. Tea doesn't represent a name. Is that what you are trying to discover?

It is not referring to anyone's name.

Q You are saying that now?

A Yes. I am saying that this does not refer to anyone's name. For instance, C. Tea, it was a reversed arrangement of Tom Clines. This came about as a result of the discussion that I had with Mr. Zucker and had to do with the family of the possible victims that we needed to touch -- I don't remember the verbiage that we used, I said somebody needs to go and wiggle the bellybutton of the families, the wife, the kids, and I said, "Button".

Q Can you think of a person whose name this could be in the same way that C. Tea is Tom Clines?

A No, I don't.

Q You can't think of anybody?

A No.

MR. JANIS: Do you want to suggest somebody?

MR. JANIS: Yes. I think it is fairly obvious. I suspect Mr. Hakim has already thought of it. It is Mr. Dutton's name with his first initial on the beginning of it, "Button".

THE WITNESS: Absolutely not. No.

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BY MR. NIELDS:

Q And put in the capital account twenty days after he started working.

A Absolutely not. I testified that this does not represent --

Q I understand that. You have already testified to that.

A No, no, definitely not.

Q What does SciTech refer to?

A SciTech refers to an image echo of Stanford Technology Trading Group. If you look at the complete name --

Q Whose capital account is this?

A This would be -- this is what I am testifying. It is a reflection of Stanford Technology Trading Group outside of the United States.

Q I see.

A If you look at --

Q Are you saying that this capital -- this means that Stanford Technology is credited with this amount of money?

A What I am -- I am explaining to you what the name of the capital account means.

Q Okay.

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A As far as the bookkeeping and the accounting is concerned, we have to deal with that separately.

Q All right.

A I am first explaining SciTech, I believe it has -- that is not the complete name. It is trading group or something after that. If you take the initials of this company's name , it will be identical to STTGI in the United States, SciTech Trading Group International.

And the reason for choosing that name was that as we get into this further I expected at one point to spin my activities off and get out of the politico-military intelligence part of the Iranian initiative and start with what I referred to as the joint venture with Iranians and I wanted to use SciTech for that purpose.

Q Okay.

A As far as the allocation of money to this account is concerned, that requires examination.

Q Pardon?

A That requires further examination.

Q Do you know what the -- in other words, we have to look at the records to find out for whose benefit transfers into that account were made?

A No, no, it was for the benefit of SciTech.

Q Who were the beneficial owners of SciTech?

A Well, the beneficial owners of SciTech, it was in my mind at all times myself and Mr. Secord. That is the way

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I looked at it. When I entered into these initiatives I was hoping that soon I would be able to achieve what I was employed to do and be able to spin off and get on with my business activities with the Iranians and I came up with the name SciTech to achieve that. I expected for a long time to come we could not have an overt relationship with Iran and we had to continue with a covert relationship and I certainly did not want to continue to be part of the politico or military or intelligence part of that, so I established SciTech to do that. That was the entity that I intended to use for this spinoff.

Q This, I take it, am I understanding you correctly, this is the entity that you planned to use to engage in non-military transactions with Iran once commerce with Iran was opened up?

A Not quite so. The way I saw things going was that once the two governments could communicate with each other on the basis that both of them were satisfied they would not need my services of going between them, then I could start my relationship with the Iranians to do business with Iran.

It was -- it did not have to necessarily to wait until the relationship was formalized. I didn't expect that to happen that quickly. But I did intend to benefit from the --

Q -- from your involvement in the covert relationship?

A Right.

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Q Who is Keith Phillips?

A Keith Phillips was a gentleman that Mr. Secord employed as a consultant. I believe he was living in Saudi at that time and he was used to pursue the shelter project that I earlier mentioned as one of our early projects that we accepted to do on behalf of Marais International. He was there and following that and he was following that up on our behalf.

Q Did or does Keith Phillips have anything to do with SciTech?

A You mean owning stock or anything as such?

Q Does he have a beneficial interest in it or did he work for it and get compensated for his work?

A The idea was for him to get paid out of SciTech because we -- it was a very strange situation. It was a situation that total resources of STTGI was effectively used for this covert activity and then at the same time Mr. Secord and I did everything possible not to get STTGI involved with this covert activity. We were not quite successful to achieve that. Things got sloppy and messy. Like I mentioned earlier, we created a shadow of STTIGI outside of the United States to do what STTGI should be doing without putting any taint of the covert activity on STTGI in the United States and that is why the creation of this SciTech.

Q I don't understand your answer. You -- the question

CAS-21 was -- you said that Keith Phillips was to be paid out of SciTech.

A And was.

Q And was paid out of SciTech.

A To the best of my knowledge, instructions were given that Keith Phillips ~~were~~ was to be paid out of SciTech.

Q Was Keith Phillips being paid for work that he was doing for STTGI?

A Correct.

Q Are you saying that that was done as a way of compensating STTGI for the fact that its resources had been used in furtherance of the covert operation?

A That is right.

Q Is that what you are saying?

A That is what I am saying. We had no other source of income for STTGI except the covert activity. Our total system was consumed by the covert activity.

Q Okay.

A We needed to keep it alive.

Q I want to get back to that, but let me switch back to the Albert Hakim part of this ledger.

Q What does the $6,800,000 represent in your capital account? Is that your money?

A There are two questions in there.

Q Let me withdraw the first one and ask you the second

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one first. Is that your money?

A That is a very, very difficult question to answer, Mr. Nields. Very difficult.

Q Let me withdraw the question and ask it a slightly different way.

Was it put into your account on the belief and intention that it was your money?

A Part of this, as I testified earlier, was put in the account called the reserve with CSF Investment. When the covert activity was terminated and it no longer existed, the best place that I could park this money was under my name and so the remainder of all the capital accounts outside of those that were already allocated went under my name to be held on my behalf.

(Witness conferring with counsel.)

THE WITNESS: If you refer to some of the other documents you should see different categories of A.H, there is A.H., A.H.-1, A.H.-2, A.H.-3. When I said a combination of different accounts put under one umbrella, under my name, that is what I am referring to. There should be a document someplace amongst the documents that I gave you that has annotation H-1, 2, 3, and so on.

BY MR. NIELDS:

Q I don't know what you mean for sure, Mr. Hakim. We will go through those documents and find them.

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There are references in your individual capital account ledger to "1's" and "2's" and "3's", some of them are just "1", "2", "3", some have phase "1", "2", "3", and I will get back to that, but I want to understand your answer first.

MR. JANIS: Just so -- I don't mean to interrupt your examination, but by way of example, you see on page H-965, May 21, there is a notation that says "CSF Investment, A.H. sub-account 1."

MR. NIELDS: I see that. I was looking at that a moment ago.

THE WITNESS: That is different.

MR. NIELDS: We will search for those in a minute, but I would like to understand Mr. Hakim's answer first. What is the answer to the question whether the $6,883,000 was transferred to your capital account on the belief and intention that it was yours?

MR. JANIS: Do you understand the question?

MR. NIELDS: I think he does.

(Witness conferring with his lawyer.)

THE WITNESS: Mr. Nields, do I understand that the question that you are ~~asing~~ asking in simple English means that if this was meant to be my profit? Is that what you are asking?

BY MR. NIELDS:

Q That is a good question and now that you have expressed that question I would like to hear the answer to it.

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A No.

Q Was any part of it your profit?

A Yes.

Q And what part of it was your profit?

A But that needs a lot of work.

Q I don't mean the number. I mean the concept.

A But this -- First of all, they added these number of accounts, A.H.-1, 2, 3, 4, that they should not have. These were not my instructions. I don't know why they mixed apples and oranges together. Notwithstanding that, it is very difficult to answer that question. You are asking for a formula of how this thing should have been divided to show what my profit would have been, is that what you are asking?

Q Well, I take it there was some money that should have been transferred to your account because it was your share of the profits?

Would you answer that?

A The only certain thing that was defined had to do with the commission on the sales of arms for the benefit of the contras. If the accounting would show that there are monies from those commissions that I did not draw and they are part of this 6.883 million dollars that definitely should be classified as my profit or part of the profit left that I did not draw from the commission of the sales of the contras.

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MR. JANIS: It is unclear to us, I believe, whether the 6.883 million includes the amount that he drew as his profit. Just looking at the document I can't tell that. At least not sitting here. But there was -- I can't tell whether some portion of this 6.883 million is supposed to be his portion of the profits included in this 6.883 million. Maybe you could help us by phrasing your question so that we understand if that is what your understanding is. I am not explaining it very articulately, but --

MR. NIELDS: No. But I understand what you are saying It is, I think, fair to say from our review of the records that this number, 6.883 million, reflects all of the money that is not given to Mr. Hakim as an expense of the enterprise and therefore it is logical to believe that it includes whatever profits he was entitled to.

THE WITNESS: Includes a mixture. It is a fruit salad.

BY MR. NIELDS:

Q Tell us, besides the profits that you say you are entitled to for the sales of arms ~~for to~~ to the contras, what other monies are included in your capital account and why?

A There are expenses that are unpaid to this date. I can give you by way of example. We have not paid --

MR. JANIS: I don't think you understood his question.

THE WITNESS: Expenses, any expenses you have to

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pay out of this.

MR. JANIS: He is not asking what liabilities there are. He is asking you to the extent that monies are attributed in this capital account, you indicated and he agreed some portion of this was your profit, putting aside what has to be paid in debts, what other elements make up this figure. Is that correct, Mr. Nields?

MR. NIELDS: Yes.

THE WITNESS: Additional profits for me.

MR. JANIS: No, no.

THE WITNESS: I don't understand the question.

MR. NIELDS: Well, let's go to --

MR. JANIS: Give me a second, John.

(Witness conferring with his lawyer.)

THE WITNESS: Mr. Nields, I have been under the impression that I have answered your question when I raised the point about A.H. and A.H. subtitle 1, 2, 3, 4. They all are indicating a purpose.

BY MR. NIELDS:

Q What were the purposes?

A One of the A.H.'s represented the two million dollars reserve for self-insurance. Another A.H. represented another $2 million for reserve for another insurance. These are the monies that were supposed to be used for these purposes, of self-insurance.

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Then you have the ingredient of adding -- I don't know what else, my profit -- then you have taken care of the majority of the classification of the 6.8 million. The rest I have to look at the records to know what they are. I have been able to give you the explanation about most of it. I need to look at the records to do that.

Q We will do that together in a minute. But I think you mentioned four different categories.

A To the best of my recollection, there should have been a A.H. account, and A.H.-1, A.H.-2, and if I am not mistaken, also a A.H.-3.

Q Now, is the A.H. account your profit?

A The A.H. account to the best of my recollection represented the account that I used to cover my expenses. It is sort of a current checking account, if you will. It was not a checking account, a regular expenditure account for personal use.

Do I make myself clear?

Q All right. That is a A.H. Then you have given a A.H.-1, which is two million, a A.H.-2 that is two million.

A I am not sure those subtitles exactly correspond to that.

Q I understand, but you have come up with four to the best of your recollection, four categories, A.H., A.H.-1, A.H.-2 and A.H.-3.

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A Then there is possibly another A.H. representing my savings from the profits. I don't recall. I simply have to refer to the files.

Q Let's go back before we go to the details which we will do in a minute. Let's go back to the first page of Exhibit 1, again, and ask you what it represents. What do these capital accounts represent?

A We talked about Albert Hakim.

Q We have talked about it a little, but you have indicated that it does not represent profit. It may have included profit, but it doesn't represent profit. And you have said that it doesn't mean that --

A You are looking for one terminology that can package this.

Q Yes, and it says capital invested. What does that mean?

A I would say that the best way to reflect that today is to call it the enterprise's money. That is the best way until we get a chance to all sit down and thoroughly examine it and look at it. That is the best way to classify it.

Q I understand what you are saying, that perhaps legally it is the enterprise's money but I am asking on these records what is it about the monies here that add up to $9,785,000, what is it that they represented when they were put on this ledger as capital invested?

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A I don't know what the intention of the bookkeeper was in preparing that. Why he put all these categories, added these things together-- he should not have added these together. He is just adding apples and oranges together.

I have no idea why he summed these things up. You know, he says total group. Why he chose to come up with "group", I have no idea what he had in mind, what was his preconceived notion that there was a group, so he is adding up. In my mind, he is just adding apples and oranges. They don't account for anything.

I don't agree with this representation.

Q Okay. I would like to turn to the sub-ledger on these capital accounts that is headed "Albert Hakim".

Before I do that -- and I will do that in a minute -- but I want to turn to the composite ledger which occurs between pages 959 and 962.

A What were the pages?

Q It goes from 959 to 962. I can tell you from studying it that this accounts for all the transactions that appear on all the individual ledgers under Albert Hakim, Korel Assets, C. Tea, SciTech, and Button.

A Okay.

Q Now, what I would like you to do is turn to page 961, and I am going to put something in front of you that may make

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this easier to follow.

You can use the original ledger as you wish, but I think it is easier to see on this chart.

MR. JANIS: John, can we go off the record a second?

MR. NIELDS: Sure.

(Discussion off the record.)

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MR. NIELDS: Back on the record.

BY MR. NIELDS:

Q There is a transaction that occurs on pages 961 and 962 of the ledger and that you can see on a printout that I have put in front of you,that shows $26,490 credited to the Hakim capital account, $26,490 credited to the Korel capital account, $26,490 to the C. Tea capital account and 8833 to the Scitech capital account.

Now, that is a split of 30-30-30-10 percent of a total number.

A Yes, sir.

Q What does that represent?

A I cannot be certain, but I believe it has to do with the sale or resale of weapons in connection with the contras, that our original arrangement with Mr. Clines changed.

Q It changed to what?

A One-third, one-third, one-third, after allocating some expenses to Scitech.

Q When you say allocating some expenses to Scitech, I take it Scitech ends up getting a plus in its capital account?

A Well, yes, you are correct, but when you reflect it back to STTGI in the States, then -- that is what I meant. I am going back to the total picture.

Q All right. Now, who were the three 30s?

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A It is myself, set aside for General Secord, and Tom Clines.

Q Now, below it, I believe this is the 2nd of June, there is a similar 30-30-30-10 split, $11,183, $11,183, $11,183 and $3,728.

What does that represent?

A My answer would be the same.

Q And then you will see above it on -- I can't read upside down -- it is around --

A 79,167.

Q Yes. What is the date there, June 3? $79,167, $79,167, $79,167 and $26,390. I take it your answer is the same on that?

A Yes.

MR. VAN CLEVE: The year on this is what?

MR. NIELDS: '86.

MR. JANIS: Just a moment.

Okay.

BY MR. NIELDS:

Q At the bottom of the page, there is a figure of 258,398, 258,398, 258,398 and 86,133. That is another 30-30-30-10 split.

Is your answer the same on that?

A I would be very surprised if -- I cannot recall a sale of, or a purchase -- depending how you look at it -- of weapons for the contras, that the total commission is here what, about --

Q 800-some thousand dollars.

A $800,000. It is possible. It means that the total transaction had to be something around 2.5 million or a little bit more, to come up with a 30 percent commission. It could be. I don't know.

If there is a transaction that 30 percent commission on that would total up to this 800-plus thousand dollars, then I am surprised why Mr. Clines is getting one-third, because, to the best of my recollection, Mr. Clines -- it was either the last or the last two transactions that got one-third and he always received 20 percent, not 33 and a third.

Q Until the last two or three transactions?

A Until the last one or two transactions.

Q Okay.

A That needed extra effort.

Q That is a late transaction. I think it is August of 1986.

MR. WECHSLER: August 22, '86.

MR. HAKIM: I don't know how you came to this one-third, one-third, one-third splice because --

MR. JANIS: It really isn't a -- it is not a one-third, one-third, one-third split.

--

MR. NIELDS: It is 30-30-30-10.

MR. JANIS: But if the 10 is expenses --

MR. NIELDS: If it is expenses, then it is one-third, one-third, one-third.

MR. JANIS: Depending on how you assess it, if the 10 is to Scitech, which is Hakim and Secord, then it is a 70-30 split.

MR. NIELDS: Unless it is to compensate Stanford Technology for expenses.

MR. HAKIM: The part that I have a problem with is Tom Clines at that time having equal share as Richard and I. That is where my hesitation starts, that there is something off.

BY MR. NIELDS:

Q Did you think he had an equal share earlier?

A No, no. Earlier, like I testified earlier, he had 20 percent of the total commission or profit, whichever way you want to apply to it.

Q What is your difficulty with the fact that he had 30 percent later?

A To the best of my recollection, it was only one, maximum two, transactions that he had equal share as Richard and I, unless there was a different agreement that I don't remember.

I don't know whether I am helping you or not. What

I am saying is we have to go back and look at the transactions with Defex and the dates and see what we paid them, what was remained and how -- we have to reconcile all this. We have to go back to the source and restructure all this.

Q Do you recall a sale of arms that didn't eventually go to the contras but was purchased by the CIA?

A I really don't know what happened to that. There was a time that we had paid and purchased, and we were even taking -- or we were threatened to pay for storage, that this was after it was decided that we no longer would continue with supply of weapons to the contras.

I recall not quite clearly that we had been left with this shipment and, if we did not do something about it, we would lose it or we would -- I think what had happened, that we had a substantial down payment and all these things have to be really clearly identified by referring to the records. I am just talking from my memory, to the best of my recollection.

I believe the last shipment we had made a substantial deposit and, if we had -- if we would not take over the shipment and pay the balance of it by a certain time, we would lose our deposit.

There was a discussion whether we should go ahead and pay the balance of this and give the shipment to the contras or the CIA. I was not involved with what was going on r^b6

between General Secord and CIA in transferring the assets, or buy it and resell it to another arms dealer.

I know we had a problem with a shipment that occurred when we did not know where we stood with the Government as far as the contras were concerned, whether the CIA was going to take over, they were not going to take over. We were left with that problem to resolve and finally General Secord resolved it.

A number of possibilities were discussed. I cannot recall which one of them was finally put into effect.

Q Did you make money or lose money on the transaction?

A That last transaction? One of the possibilities that we discussed was to resell it and make money.

Q Did you?

A If we did that, then we did. I don't remember. Like I testified, at this time I don't recall how General Secord handled that problem.

One of the options was to pay and resell it. If we did that -- and if you recall, I earlier said --

Q The records reflect that you sold these arms to the CIA for $1,200,000 in August or September -- September.

Did you contribute your commissions or profits on arms transactions before or after you received payment?

A Without referring to the records I cannot tell you, Mr. Nields, because that period of time I was up to my eyebrows with the second channel, very busy, and that is why I don't remember how it was finally settled.

Q How about at an earlier point of time? We have now looked at four different transactions in which there were 30-30-30-10 splits. What is the best of your recollection as to whether those splits occurred before or after you received payment?

A To the best of my recollection, the pattern was when we satisfied a shipment and when we had the money in our accounts. We didn't -- there were a number of times that we put ourselves at risk and, counting on receiving money at a later date, we committed ourselves.

But generally we bought when we had the money and when we paid the supplier and the goods were shipped and then General Secord and I happened to be in Geneva we sat down and looked at it and we decided if it was not an automatic situation, we -- things had to be right for us to do it. We had to be there to look at the bottom line and see what happened and make the allocations.

Q Now, there are two different phases, are there not, in connection with these sales of arms to the contras, or for the contras?

A In which way, two phases? You mean one with the Canadians and one --

Q No. I mean at an earlier point in time, the monies for the arms came from the contras, or someone acting on the contras' behalf, who would physically wire a purchase price into the Energy Resources account. CALERO

A Are you referring to Mr. [redacted]?

Q Yes. At a later point in time, you received directly into your Swiss accounts contributions which you used in a variety of ways, one of which was to buy arms. Am I correct?

A Well, now that I have been listening to various testimonies, I understand that. But when monies were coming into the enterprise accounts, I had no way of knowing whether it was coming from Mr. Calero or -- I didn't distinguish or differentiate between who was sending nor was I interested to know.

I was told so much money would come in.

Q But you are a businessman. I think that is one thing that --

A I should hope so, yes.

Q And as a businessman, you generally like to have -- you would prefer to have the money in your account before you buy the arms; isn't that correct?

A Or the promise that the money would be there from someone that we trusted.

Q Right. And that was a matter that you cared about keeping track of, whether you either had the money or you had a promise from somebody that you trusted.

A Yes.

Q Now, at the earlier point in time the money that you needed to buy the arms with was coming from Calero.

A I did not know that.

Q It was coming from somebody who was giving you the money to buy arms.

A Okay, now I understand.

Q Later on you just had a pool of money sitting in your bank accounts and you would decide when to use it to buy arms; isn't that correct?

A I don't think that is the way it worked out. I had no part in making decisions when to buy arms. I had no feel or understanding or involvement in the operation of the so-called war, you know. There was a war to be fought and General Secord knew what was going on and his agents there, and he decided when to buy, what to buy and how much to buy and how to manage the total system, and he would also look at what he had.

Q I will just state for the record that it is very obvious from just looking at the bank records that you provided to us that in the middle of 1986 the money for purchasing of arms from Defex was just sitting in the accounts; it was either there because of arms sales to Iran or it was there because someone contributed it.

mkb10

-- A There was a time that we were not worrying about where is the next penny going to come from.

Q In that situation, if you then used that money to buy arms for the contras, would you -- money that was already sitting in the account and had been there for some time -- would you distribute profits at the time you purchased the arms, at the time you delivered the arms, or don't you know?

A Until the transaction was completed and the goods were shipped, I do not recall the time that we distributed profits, and there was a delayed situation because we were not there to distribute the monies.

Q Well, then, how do you account for the 30-30-30-10 distribution of over $800,000 in August of 1986? Is it possible that that was a distribution of profit from something other than arms sales to the contras?

A This I really don't know. That late in the game, I don't know what that money was. If we sold -- you told me that the money was from resale of arms to the CIA, if that was in September? That was one-point-something million?

Q 1.2 million, September 24.

A Then we have to see if we charged the enterprise for $2 million. If we did that, then it is very possible that we distributed the money prior to making the shipment to the CIA. I don't know.

We really have to look at the records. I totally relied on General Secord to tell us when, how much to divide.

MR. HOLMES: I wonder if I could ask a couple questions on this point?

MR. NIELDS: Let me just say first that I have to leave. If the witness is willing, you can continue without me, or we can use the time to sort of go off the record and talk with them for a couple minutes and talk amongst ourselves.

Why don't you ask your questions first and then tell me whether you want to proceed in my absence or whatever.

MR. HOLMES: I want to pick up the baton. I just wanted to finish this line of questioning.

EXAMINATION ON BEHALF OF THE SENATE SELECT COMMITTEE

BY MR. HOLMES:

Q Mr. Hakim, you knew an individual named [redacted] [redacted] did you not?

A Yes.

Q He was the individual who operated [redacted] [redacted]?

A I don't have first-hand information on that because that is how it was told to me by General Secord.

Q He is the individual that you went to Lisbon, Portugal, with to look at Defex?

A Yes.

Q And later on he was also an individual that you contacted about this shipment of arms in approximately July of 1986, the shipment of arms that was at that point being loaded in the Mediterranean?

A Does this have anything to do with [redacted] [redacted]?

Q Yes, it does.

A It has absolutely nothing to do with the contras or the Iranian initiative.

Q No, no. I am not talking about those arms of [redacted] [redacted] I thought the question was if [redacted] had something to do with it. I am talking about a shipment of arms being loaded on the Mediterranean aboard the Erria in July '86.

A [redacted] had something --

Q It was eventually sold to the CIA through [redacted] [redacted]

A It is very possible that General Secord used [redacted] to be the agent to sell to the CIA. I don't know. I recall vaguely some discussions about CIA not wanting to deal with us directly because of the taint, so it is very possible that General Secord put him in touch with [redacted]

Q Do you recall any discussions with Secord about that?

A About?

Q About putting [redacted] onto this problem of the arms that were stranded in the Mediterranean.

A No.

Q Do you recall any conversation with Secord about a man named [redacted]

A Who?

Q [redacted]

A No, I don't. I don't believe I have ever heard the name before.

[redacted]

Q

A I don't remember. This is the first time I hear the name. To the best of my recollection, this is the first-ti

I hear the name.

Q Now, there was a time when you were involved in the direction of the Erria as it moved through the Mediterranean; isn't that right?

A For what mission are you --

Q In particular in this mission, the movement of the arms to [redacted]

A This is in connection with the sales to the CIA?

Q Yes.

What eventually became the sale to the CIA.

A I was not directing that movement.

Q Tom Clines was doing that then?

A I don't know. Most probably. I don't know.

Q Didn't you give directions to the captain of the ship from time to time?

mbh 14

A Not in connection with that shipment. I was -- there were two occasions that I recall that I gave directions through the officers of the shipping agency to the captain. One had to do with the T-72 tank from Iran [redacted]

Q All right. And on this occasion you didn't have anything to do with the direction of the ship as it moved from the Mediterranean to [redacted]

A If this is the shipment, the last shipment, the stranded shipment, I had nothing to do with it.

Q Okay. You were aware that the ship was boarded [redacted] while it was in the Mediterranean and the goods were examined there?

A I am not aware of that.

Q And it was after that that the arms were transshipped [redacted]

A This is the first time I hear this also.

Q You didn't know anything about [redacted]

A No.

Q Okay.

Now, do you recall any conversations with General Secord about how the eventual sale was made to the CIA?

A No.

Q I guess you talked to him a little bit about it, m'' 15

because he said the CIA wouldn't buy it from you directly, you needed a cutout?

A I remember that when we were deciding what to do with the shipment that was sitting there. That was prior to him making the decision. I testified that I don't recall what was his final decision.

Q This conversation would have been approximately in July of '86 while the shipment was still in the Mediterranean?

A No. My discussion took place before anything was shipped or completely purchased. I said I recall that we had an outstanding down payment or deposit with the supplier and we had to make a decision either to forgo the deposit or pay the rest and resell it.

That was one I lost track of.

Q So this would have been June perhaps of '86, maybe early July?

A I don't know.

MR. JANIS: If you know.

MR. HAKIM: I really don't know. The best way I can answer that question, to the best of my recollection, all this was occurring at a time that General Secord and his agents were talking to the agency about the total contra situation, and I was totally out of that.

BY MR. HOLMES:

Q I didn't mean to get into this, and I will show you documents at another time. My point is simply that the sale to the CIA [redacted] actually eventuated in the amount of about two and a half million dollars, and I suggest the possibility that you took the commission that would have been due to [redacted] since you had brought [redacted] through [redacted] on the sale.

Does that make sense to you?

A When you say "you," you mean who?

Q You.

A Albert Hakim.

Q The group there that was eventually sharing these commissions.

A I am suggesting that -- I am suggesting that you don't group us, because I testified I was not aware of what was General Secord's decision at the time and how he handled it.

Q All right. I don't mean that you personally did it; I am saying the money comes in on your books in August, that is about when this sale took place. Do you recall any discussions that this $800,000 amount could have been the commission not on the sale by you [redacted] but on the commission [redacted] to the CIA?

A I have no idea, sir. I really am -- the part that you are questioning me on today is the first time that I am hearing. I didn't hear from Mr. Secord or Mr. Tom Clines.

mkh 17

This is the first time I am hearing it now.

This project was finally resolved.

Q Do you have any other explanation for why a commission would have come on your books in August of '86?

A Without examining the total activity on the records, I cannot offer any other explanation at this time.

Q It would have had to have been you who directed this money out of the account, wouldn't it?

A Pardon?

Q It would have been you who ultimately directed the money, the various amounts that we have discussed --

A You mean the distribution of the 250s?

Q Yes, the $258,398 figures. You would have had to direct those to be allocated at that time, wouldn't you?

A We jointly had to do that, General Secord and I. I have testified that at no time did I, independent of General Secord, make any allocation.

Q All right. So if I understand your earlier testimony correctly, Secord didn't have the authority to simply notify CSF to make this allocation by himself without you doing so, as well?

A I believe you are referring, when you say Secord didn't have the authority, you are referring to the part of my testimony where I was explaining to Mr. Nields that at the beginning of our relationship, or rather, General Secord's

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relationship with CSF, he did not have the same relationship that I had, but later on, as time went on, General Secord was known to CSF and had a different relationship.

Q So you are saying by August of '86 he may well have simply directed that allocation without your knowing about it?

A It is very possible, yes.

Q And do you recall yourself allocating or directing that allocation?

A I may have. I don't remember. It was a very, very tense period at that time. We had so many issues that were on hand to deal with.

Q I understand.

Aside from yourself and Secord, there was nobody else in the world who could have directed those allocations; am I correct on that? Clines couldn't have done so, for example?

A Clines did not have the authority, definitely.

Q Was there anybody else in the world who had that authority except yourself and Secord?

A Not to the best of my knowledge. The world is a big place. No one that I knew in our structure had that authority.

MR. HOLMES: Thank you.

I just wanted to -- I thought perhaps that transaction would ring a bell.

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MR. NIELDS: Unless these other gentlemen feel strongly the other way, I think we will adjourn until 10:00. Is that okay?

MR. VAN CLEVE: Fine.

MR. HOLMES: Fine. I don't feel strongly about anything at this point.

MR. NIELDS: Okay.

(Whereupon, at 5:10 p.m. the deposition was adjourned, to be reconvened at 10:00 a.m. on May 23, 1987.)

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DEPOSITION OF ALBERT HAKIM

Saturday, May 23, 1987

U.S. House of Representatives,
Select Committee to Investigate Covert
Arms Transactions with Iran,
Washington, D.C.

4208

The Committee met, pursuant to call, at 10:00 a.m., in Room H-128, The Capitol, with John Nields presiding.

On behalf of the House Select Committee: John Nields, George Van Cleve, John Fletcher, Joseph Saba, Robert Brink, Ronald Points.

On behalf of the Senate Select Committee: Arthur Liman, Cameron H. Holmes, Timothy Woodcock, Louis Zanardi, David Faulkner, Nicholas Wise, Paul Barbadoro, John Monsky.

On behalf of the Witness: N. Richard Janis, Lawrence H. Wechsler, and Clement R. Gagne, III; Janis, Schuelke & Wechsler, 1728 Massachusetts Avenue, N.W., Washington, D.C. 20036.

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by K. Johnson, National Security Council

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Whereupon,

ALBERT HAKIM

having been previously duly sworn, was examined and testified further as follows:

MR. JANIS: Before we begin today, there are a couple of things I want to state for the record, some of which may have been stated yesterday on the record, some of which may have been discussed off the record; but I just wanted to make a couple of things clear.

I think it is fair to say -- and I think, Mr. Nields, you would agree with me -- that although we determined that the proceeding yesterday and today and however long this takes is going to be in the format of a deposition, the idea from both our points of view was to prepare the witness for his public testimony, both by refreshing his recollection and confronting him with documents in order to do that and -- as well as to prepare the staffs of the committees for what he was going to testify to, the idea being that it was an effort at a -- although in a deposition format, an effort to cooperatively prepare for the forthcoming hearings.

I think you would agree with that, Mr. Nields?

MR. NIELDS: Yes. We want Mr. Hakim's help. It is not in our interests to try to ask him difficult questions. We simply want to get as much benefit from what he knows as we possibly can.

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We are doing this in deposition format because Mr. Hakim's counsel has, for obvious reasons, insisted on that in order to have immunity attached to what Mr. Hakim says.

MR. JANIS: Thank you.

In addition to that, I think we pointed out yesterday there are certain -- it is our goal, consistent with that spirit, to try to cooperate with the committee and, in that spirit, after the proceedings last night, we went back to my offices and spent a considerable amount of time trying to review the records that you provided to us at the deposition yesterday, as well as our own records and analyses, in order to refresh Mr. Hakim's recollection about certain matters that were inquired into, and in particular a matter inquired into near the end of the proceedings yesterday, and I think to some extent we have been successful in that endeavor, and I would invite you, when we commence the proceedings here today, to go back to that area and maybe inquire further.

I also invite you throughout these proceedings to give us that opportunity to work in a cooperative manner, because I think it is in our interests, frankly, but I also think it is in the interests of both of the committees in trying to ascertain the facts.

In addition, I'm not sure to what extent this was placed on the record or off the record. There are a couple of other things that I think are important to emphasize. One, as I think we said on the record, Mr. Hakim, although he does speak English well, English is not his native tongue. It is a second language.

My own experience with Mr. Hakim has confirmed -- and I think maybe to some extent you got a taste of this yesterday -- there are times when it isn't even apparent but there are language problems, interpretation problems.

Mr. Hakim sometimes uses words either more precisely or less precisely than we would in a colloquial English sense. I ask you to be patient about that and take that into account.

Secondly, in part because of the proceedings yesterday and in part because of our efforts last night, it became more and more apparent to me, as I have indicated, I think, to you, Mr. Nields, off the record, that Mr. Hakim, as you know, was not the custodian of these financial records. He did not conduct the financial transactions. He did not prepare the ledgers that we have provided to you.

Indeed, I believe he testified yesterday that he hadn't even seen the ledger that you showed him. And while he wants to be as cooperative and helpful as he can, and intends to do that and answer any questions he is capable of answering, to the extent you are looking to Mr. Hakim to provide expert testimony or auditing or accounting analyses, I think frankly he is -- it is really unfair to ask him to do that.

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He is less able to do that than professional accountants and auditors that you have at your disposal.

At the same time, to the extent there are specific transactions and so forth you want to talk about, he wants to cooperate fully.

But I think in terms of giving him a bunch of accounting papers and asking him to do either an accounting or auditing analysis, he is really not equipped. He has never had that capability. He didn't perform that function with respect to the operations into which you are inquiring.

I just wanted to alert you to that limitation.

MR. NIELDS: Okay. What I would propose to do is when what was yesterday marked as Exhibit 1, when that comes back in copy form I would suggest that we turn to that at that time and that you ask him the questions which you believe would be useful in bringing out the information that you and he developed last night, and I will state right now that I adopt each one of your questions and that he is compelled to answer them.

MR. JANIS: Let me think about that.

MR. LIMAN: I think --

MR. JANIS: May we go off the record for a second?

(Discussion off the record.)

MR. LIMAN: I adopt Mr. Nields' suggestion. It is in the interests of the committees to have testimony that is

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as accurate as possible, and if, as a result of the witness's conference with you last night, he found that some of his answered needed to be augmented, then he should augment them, and that testimony would be as compelled as if it had been given yesterday in answer to Mr. Nields' questions.

Just so that there is no doubt about it, on behalf of the Senate Committee I adopt such questions as you will now propose in order to clarify or augment the testimony that he gave yesterday.

MR. JANIS: Thank you, Mr. Liman.

I think we can go ahead and proceed with that. I don't know if we need the records. We have our copy.

MR. NIELDS: Why don't you go ahead with your copy right now.

MR. JANIS: I am not sure he needs to look at this anyhow.

EXAMINATION ON BEHALF OF THE WITNESS

BY MR. JANIS:

Q Mr. Hakim, yesterday near the end of the session Mr. Holmes, I believe it was, was asking questions with respect to a distribution of approximately $816,000 that took place in August of 1986.

Do you recall those questions?

A Yes, I remember that.

Q Do you recall being shown documents by Mr. Nields

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which highlighted the dates of distributions?

A I recall that also, and -- but I believe I had a problem with the dates that they showed me, as we discussed it last night. I would like to look at those again.

Q As a result of -- and we will show you that in a second; I am sure they will -- as a result of the discussion you had with counsel, without discussing specifically what was said, but as a result of discussions you had with counsel last night, your review of the records provided you by the committee and your review of records provided to you by your own counsel which have not been shown to you by the committee, and as a result of discussions you had with counsel, do you have any current recollection with respect to the disposition -- the distribution of approximately $861,000 on August 27, 1986?

A Yes.

Q Would you please amplify upon your answer yesterday?

A Yesterday I did not recall any one particular normal transaction. By the normal transaction, I meant that goods were purchased; SAT, Southern Air Transport, was commissioned to come and pick up the goods and take them to contras.

That did not occur in one -- the documents were shown to me. I was puzzled.

As the result of the questions that Mr. Hoffman asked and that --

Q Mr. Holmes?

A Mr. Holmes. I am sorry. Mr. Holmes.

Then I directed my thoughts to a transaction that they referred to yesterday as the stranded weapons. Last night when you showed me additional records and I started to reconstruct the events in my mind and I first remembered the position that Mr. Tom Clines had taken in connection with the so-called stranded weapons,and the position that he took -- and I will explain that shortly -- I concurred with his position and I do not recall whether we did that over the phone. It was -- we were together. I just can't remember that, but definitely I learned about his position and his position was that this is going to be our last transaction in connection with the contras and we should maximize our profit.

I did not disagree with his position. However, not having had the total picture, the set of cards at any time, and General Secord has always been in that position, I expressed my acceptance of Mr. Clines' position that we should indeed try to maximize our profit.

I do not recall that I participated in any further meeting in deciding whether that decision was adopted or was not adopted, but Mr. Clines' and my position of maximizing our profit was clear to General Secord.

MR. NIELDS: I don't want to interrupt, but you said "clear to General Secord"?

THE WITNESS: That we wanted to maximize our profit.

MR. NIELDS: Does that mean Mr. Secord agreed to that?

THE WITNESS: He knew what we wanted?

MR. NIELDS: He said okay?

THE WITNESS: This is what I don't recall. I will go further and try to explain this.

MR. NIELDS: Okay.

THE WITNESS: The records that you showed me yesterda Mr. Nields, led me to believe that the distribution of profits were made in July,and that, if you recall, puzzled me, because in July -- and I would like to refer, go back and look at those documents that you showed me yesterday -- in July I happened to be extremely busy trying to set up the August meeting in Brussels, and I was under a lot of pressure by Mr. North, who had a deadline to meet, the elections were coming up. He wanted to take a vacation.

I remember the crazy days I had to be present in Korea for a meeting. So when yesterday you mentioned July, I was thrown off.

Our records last night indicated that the distribution was made in August. That also helped me to recall things a bit better and further investigated about the date, and it started to make more sense because our records show that the purchase -- we completed the procurement of the so-called stranded weapons in July and -- but we actually did not get around to distribute the profits on that procurement because of the fact that we were all busy with establishing the second channel and, as I mentioned, my travel plans.

And it wasn't until August when we finally managed to coordinate a date when we could meet with the gentlemen in Brussels, and those dates fall within the same time period that the distribution of the profit was made.

So all these put together reminded me that the 800 -- was it 61,000?

MR. LIMAN: $861,000 is the rough figure.

MR. NIELDS: $861,327.

THE WITNESS: -- was distributed at that time.

MR. JANIS: Maybe I can help.

BY MR. JANIS:

Q Mr. Hakim, to the best of your recollection, having reviewed records, the purchase of the weapons that you referred to as the stranded shipment, from whom were those weapons purchased?

A To the best of my knowledge, to the best of my recollection, we did not change pattern. I believe they were purchased -- we continued to purchase those from Defex.

Q Approximately when were they purchased?

A I believe the records that we looked at indicates

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July of '86.

Q Approximately how much was paid for those weapons?

A If we have all the figures in the documents that you provided me with, it should be around $1.7 million.

Q Now, to the best of your knowledge, was the source of those funds donations on behalf of the contras or money received from Mr. Calero, or was it money that was simply in the enterprise?

A To the best of my recollection, by this time we -- or sometimes before that, we had stopped receiving money from what I know to have been Mr. Calero.

I did not learn about this until looking at the tapes, and by this time we were dealing purely with the income from the sales to the Iranians, the enterprise money.

Q To the best of your knowledge?

A That is what I testified I said. That is what I recall.

Q Now, the weapons, who determined what the commission would be on the sale of those weapons?

A The pattern never changed. To the best of my recollection, I am reasonably sure that I remember this thing correctly -- I continued to be a good soldier throughout this whole mission, and General Secord was the person who had the total picture, and he determined, like always, as he has testified from my interpretation of watching his tape, that

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he set the prices and the commissions.

Q Did you have any discussion with Mr. Clines that you can recall about the commission on this -- what you termed the stranded shipment?

This was apparently going to be the last contra shipment? Was that your understanding?

A This was my understanding.

Q Did you have discussions with Mr. Clines whether a normal commission would be charged on this shipment?

A I recall Mr. Clines and I had a -- he proposed, and I agreed, that we should maximize our profit for this last shipment.

Q Did you discuss with Mr. Clines specifically what your commission would be, what percentage it would be?

A I cannot recall that, Mr. Janis, what that would be. I recommended to him that, I agree with you, however, there is a bigger picture. The bigger picture should not get damaged and we should leave the decision to General Secord.

Q Is it your understanding that the commission of $861,000, that the $861,000 represents the commission with respect to those arms purchased from Defex for $1.7 million?

A Based on what I have seen so far and based on what I can recall, the answer is yes.

Q I realize that this, in light of your other answers, may be speculative. But is $861,000 approximately 50 percent

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of the purchase price of the weapons from Defex?

A I would say that is 50 percent of the figures that have been shown to me. I do not have additional information if there were other goods included in that shipment.

I could see only the payments made to Defex,and if that is the only thing, then those two payments were the only two payments to Defex, the answer is correct. If it constitutes 50 percent.

Q And when we say 50 percent --

A 50 percent from what we call from the bottom, not from the top.

Q And the 50 percent figure again, to some extent it is hard to be precise, given the fluctuation in currency values and bank commissions and that sort of thing; isn't that correct?

A I agree with that.

Q Now, did there come a time when these weapons were, in fact, sold to another purchaser?

A I learned that yesterday.

Q Do you know approximately how much was paid for the weapons?

A I was told that $1.2 million was paid for those.

MR. LIMAN: That is what you learned yesterday?

THE WITNESS: Yes, sir.

BY MR. JANIS:

Q That $1.2 million was deposited in the funds of the enterprise; is that correct?

A It was reimbursement, yes.

Q And at the time were you involved in those transactions with the purchaser?

A No, I was not.

MR. JANIS: Do you want to pick up now?

MR. NIELDS: Yes, sure.

EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

BY MR. NIELDS:

Q First of all, did you have a chance yesterday, in addition to consulting your records and your memory and your lawyer, to consult with either Mr. Secord or Mr. Clines about their recollection on this transaction?

A I did not speak with Mr. Clines, Secord or his lawyers.

Q Was your recollection influenced in any way by what you were told about their recollections of this transaction?

A Yes.

Q You referred to some additional -- and that is yesterday, I take it?

A Last night.

Q You indicated that you consulted some additional records that we have not seen. Could you describe those

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records for us?

A These are the worksheets that my attorney has generated and created from the review of the accounts and the records.

Q To your knowledge, are these records that your attorney created based exclusively on the same documents that you made available to the committee?

MR. JANIS: If you know.

THE WITNESS: I have no knowledge of that. I really did not participate in the effort that Mr. Janis went through in trying to provide you with, or cause me to provide you with, the documents that I have had to go through, a lot of work to do that. I don't know what else.

MR. NIELDS: Just off the record for a second.

(Discussion off the record.)

MR. NIELDS: Let's go back on the record.

BY MR. NIELDS:

Q I am going to show you a document --

MR. NIELDS: Let's mark this as -- I am going to use it to refresh his memory. Let's mark it as Exhibit 2.

(The following document was marked as AH Exhibit 2 for Identification.)

COMMITTEE INSERT

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MR. NIELDS: This is everything, all ins and all outs.

I will state for the record that this is a document prepared by accountants working for the committees, who have gone over the documents and records that you supplied to the committees in Paris. It is a record of all money going into the bank accounts that you gave to us and all money going out of the bank accounts that you gave to us. It excludes transfers from one account to another.

Follow me?

THE WITNESS: Yes. I understand.

When you say one account to another, could you qualify that?

BY MR. NIELDS:

Q In other words, if money moved from Albon Values to Hyde Park Square, you will not see it on here.

MR. LIMAN: Inter-company transfers were eliminated.

THE WITNESS: From what I can remember and what I have been told,in addition to the so-called inter-company transactions, there were also, from our so-called enterprise, there were monies transferred to CSF accounts back and forth. That has created further confusion.

So do you include that, as well?

MR. NIELDS: Those are --

MR. ZANARDI: Those transactions have been eliminated. The only thing -- what we have is the $47 million which you testified to in Paris as the income, and only expenditures that left the operating accounts and either went to pay normal expenditures or went into the capital accounts. That is what is left.

MR. FLETCHER: Let me clarify that. There are several CSF accounts floating out there. There is a CSF account that is in the legend, transfers back and forth.

Is that correct, Lou? Those would not be reflected there. But a transfer to the CSF account, for example, in New York, that would be reflected there.

MR. ZANARDI: What would happen, it goes one step further. What it takes is the -- the transfer to New York and expenditures that went from New York CSF or Brussels CSF to, say, Southern Air or one of the vendors. That is what we end up with.

MR. LIMAN: What we are showing him -- that is the question he has. Maybe go off the record on this one.

(Discussion off the record.)

BY MR. NIELDS:

Q This document shows all money that goes into the system?

A Okay.

Q All money that goes out, or comes back again, and obviously washes are not reflected here and inter-system

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transfers are not reflected here. Money coming into the system is reflected. Money going out of the system is reflected and money going into capital accounts is reflected.

A Let's go at it and see what we find.

MR. NIELDS: Am I summarizing correctly?

MR. ZANARDI: That's right.

BY MR. NIELDS:

Q I am putting now in front of you a document marked Deposition AH-2. You just testified, based on summaries of these same records that you were shown by your lawyers -- discussed with your lawyers yesterday, purchase payments totalling about $1.7 million for arms.

A You are referring to the so-called stranded purchase?

Q Yes.

I have on AH-2 circled two numbers. One is $845,000 on July 10, 1986, and the other is $881,987 on July 16, '86.

My question is: Are those the two numbers that represent the purchase price of approximately $1.7 million?

A To the best of my knowledge, and like I said earlier, unless there were other factors involved, to the best of my knowledge, these two form the total procurement for the so-called stranded weapons. 1.7.

Q I should let the record reflect they add up to almost exactly 1.727.

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A Yes. Okay.

Q And half of that is just under $863,000?

I think your lawyer indicated maybe there are bank charges and exchange --

A Currency --

Q -- currency exchange factors that might have affected it. But the amounts that were --

MR. LIMAN: They add up to $863,000, a little more than $863,000.

MR. NIELDS: You are right. It is a tiny bit over 863. Just over.

MR. LIMAN: Bank charges, which they must have taken out.

MR. WECHSLER: Also exchange rates.

BY MR. NIELDS:

Q I just want to make the record clear on this.

On the next page of the same exhibit, on August 27, 1986, there are four numbers that go to Korel, SciTech, Hakim and C. Tea in the amount of $258,000 and some, $86,000 and some, $258,000 and some, and $258,000 and some.

I take it those are the profit distributions that you just testified relating to the so-called stranded shipment?

A That is the commission distribution, yes.

Q Which adds up to just over $861,000, which we have computed to be almost exactly 50 percent of the purchase price.

A It appears to be that, yes.

Q My question -- I think you answered this, but I just want it to be clear.

My question is: Was this commission distribution done at a time when it was still contemplated that the arms would be shipped to the contras?

A The reason I chose the terminology "stranded" was basically because there were so many options that was discussed.

It may not -- in the context of the question that you are asking, it may not relate to what I'm about to tell you, but as a matter of principle, this was the other part of the total picture of the Udall assets that was referred to in the testimony of General Secord.

This whole thing had to be dealt with together, and I had no participation when -- in the dealing -- when the dealing with the CIA came about. I don't know.

What I know, it had to do with the process that had to complete and finish our activity with contras. That is the way I understood it.

EXAMINATION ON BEHALF OF THE SENATE SELECT COMMITTEE

BY MR. LIMAN:

Q I take it you bought the arms for the purpose of

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the contras; that is what you testified to?

A That was my understanding.

Q And there came a certain point when they were stranded?

A That is correct.

Q And you learned yesterday that they were ultimately sold to the CIA?

A That is correct also.

Q I think that the question is: At the time that the profit distribution was made in August, on August 27, was it your understanding that the arms were still going to the contras or had you by that time learned that they had become stranded?

A I still was under the impression that it was not -- had not found a home. That was my impression.

Q But was it your impression that they were still working on getting them to the contras?

A Yes. That was my understanding.

MR. LIMAN: Thank you.

end
tape 1

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Dotson/drg
Take #2
11:00 a.m.

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BY MR. NIELDS:

Q I am going to switch topics entirely, and then I am going to want to come back with these capital accounts and CSF [redacted]. I would like to mark this booklet Exhibit 3.

(The Following Document was Marked as Hakim Deposition Exhibit No. 3 for Identification.)

COMMITTEE INSERT

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BY MR. NIELDS:

Q Mr. Hakim, I am putting in front of you -- this is a book of the disbursements, noncapital disbursements, that the accountants have determined left the accounts that you have given us, and I would just like to go through them one at a time and get as much help as we can from you as to what these disbursements represent.

A Okay.

Q Page 1 is headed "CIA". Mr. Secord has already testified --

A It's page 37.

Q Page 1 of 78.

A I am sorry.

Q Mr. Secord has already testified that these disbursements went to an account that he understood to be a Swiss account owned and controlled by the CIA. These were related to the arms that were sold to Iran. I take it you have no information that would contradict what Mr. Secord has told us.

A That is correct.

Q Okay. Page 2 relates to purchases from the moneys that eventually went into the account that you identified yesterday as the Defex account.

A Yes.

Q The individual disbursements are on the back of that page, and I would like you to just take a look at those and

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tell us whether your understanding still is that each of these disbursements went into an account owned and controlled by Defex.

MR. JANIS: Are you asking if he has any independent recollection other than what he has done here?

MR. NIELDS: I want to represent to him we have determined each one of these disbursements went into the account that he yesterday indicated was to the best of his knowledge the independently owned Defex account. It is the one numbered [redacted] which appears on the Hakim ledger.

MR. LIMAN: What is the question?

MR. NIELDS: I think he has already answered the question, but I want to do this in a methodical way. I take it you have no information different from what you told us yesterday, which is these disbursements went to --

MR. HOLMES: What you just represented --

MR. NIELDS: You had better correct me.

Off the record.

(Discussion off the record.)

MR. NIELDS: Let's go back on the record.

BY MR. NIELDS:

Q We have been off the record for a few minutes with respect to the page 2 of Exhibit 3, and the accountants are going to get together, also off the record, with hopefully Mr. Hakim's attorneys and see if we can't come up with an

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answer on this page, and I am going to skip it for now and proceed to page 3.

Page 3 relates to disbursements that went to Southern Air Transport. Mr. Hakim, if you turn it over, on the back of the page, you will see individual disbursements, and my question to you is: Can you tell us what the purpose for these different disbursements was?

A It appears, from what I read here, that they were for the transfer -- sorry, transport of weapons for the contras, and possibly toward the end there are some payments in connection with the Iranian Initiative.

Q But you can't tell us particularly which are which?

A I am incapable of doing that.

Q I take it Mr. Secord would be the person in a better position to know exactly what these individual disbursements were for?

A If he has the facilities, the documents and backup, definitely he is the right person to talk to.

Q On page 4, there are shown five disbursements to Transworld, or, rather, six disbursements to Transworld Arms. I take it those relate to, at least to the best of your knowledge, to the transactions you testified about yesterday in which Transworld Arms supplied arms for the contras?

A It appears to be that.

Q On page 5, there are reflected several disbursements

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to ACE. Do you know what ACE is?

A I believe, I am not sure, I believe that it is a Panamanian company that was created either by Southern Air Transport or Mr. Gadd's organization. I am not sure how that worked out.

Q Do you know why it was created?

A I have no idea.

Q You don't know what the purpose was?

A No, sir.

Q Do you know what event its creation was connected with?

A I have no idea, sir.

Q I take it you don't know, then, what the particular purpose of these different disbursements was?

A With the information that is available in front of me, the answer is no.

Q And can you tell us -- be careful here, I am not trying to get you to answer this if you don't know it. Can you tell us whether these were all related to the contras or whether some of them might be related to Iran?

A I have really no idea.

Q Page 6 shows payments to Monzer Alkassar, two of them. Who or what is Monzer Alkassar?

A I do not have first-hand information about this. However, I do recall conversations, scattered conversations,

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between General Secord and Tom Clines that referred to this gentleman. I believe he is a Lebanese or Arab-origin arms dealer that Mr. Clines had to deal with in connection with procurement of part of the items that he had available. That is my recollection from scattered conversations between the two. I was not part of a discussion in connection with dealing with this gentleman.

Q Do I understand, from your answer, that to the best of your understanding these disbursements are part of the purchase price of arms?

A Yes. For the contras.

Q Is Monzer Alkassar in any way related to Defex?

A I believe he was introduced, again that is my belief, introduced by Defex to Mr. Clines.

Q When these disbursements were made, who directed that they be made?

A It was routine that Mr. Clines would report to Mr. Secord, General Secord, the status of each procurement, and Mr. Secord would go through a thorough analysis of those transactions, understand them, and make a decision what to do; and if payments were to be made, he would inform me and then ask me to make the arrangement for the payments.

Q And then you would direct someone at CSF to make the disbursement?

A Exactly.

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Q When he did that, did he at that time explain to you what the purpose for the disbursement was?

MR. JANIS: This particular disbursement or in general?

MR. NIELDS: If he can remember as to this particular disbursement, I want him to answer that. If he can't, I want to ask him if, in general, it was Mr. Secord's practice to advise him of the reason for the disbursement.

THE WITNESS: I was continuously under the impression that we were purchasing arms for the contras. So, in addition to the fact that I did not make a habit of getting involved in the operational aspect of things, I did not find it necessary to question Mr. Secord, but I continued to believe that these were for the purchase of arms for the contras.

MR. LIMAN: Off the record for one moment.

(Discussion off the record.)

BY MR. NIELDS:

Q We have just been off the record. We are now back on the record. I have drawn your attention, Mr. Hakim, to an entry on Exhibit 2 of August 30, 1985, showing a payment to Monzer Alkassar of $1 million. And my question to you is: Does that payment to Monzer Alkassar relate to arms that Mr. Calero has already paid for?

A Mr. Nields, I have a basic problem to answer this question or any other questions similar to that because at no time, until after I listened to the various testimonies from the tapes, I had any prior information as to who were the payees, payors and donors of moneys that were coming into our system. So I had no idea even if Mr. Calero was making any payments. So I am incapable of answering any question which is similar to the question that you are asking.

Q I take it what you are saying, in addition, is that until the Iranian Initiative started, you had virtually no substantive involvement in the transactions of what we have referred to here as the enterprise.

A That is correct.

Q Let's turn to page 7 of Exhibit 3. There are listed there some payments which are marked Robelo. Your records indicate that those are disbursements to a bank account [redacted] Do you have any recollection as to what those disbursements are about?

MR. LIMAN: What is the question?

MR. NIELDS: Whether he has any knowledge of what these disbursements were about.

THE WITNESS: Can you help me to identify where this bank is located? Is it a European bank?

MR. HOLMES: [redacted]

MR. WECHSLER:

THE WITNESS: I can only guess.

BY MR. NIELDS:

Q You need not guess. Down below it, there are disbursements, two of them -- there are two disbursements to TDB Codelis, and TDB Codelis cash in the amounts of $101,500 and $51,000. What is TDB Codelis?

A First of all, I would like to mention that for the 101,500, it's not shown as cash. Only 51,000 is shown cash. The answer is I don't know.

MR. LIMAN: When you say it wasn't shown, it wasn't shown on the schedule Mr. Nields has classified.

THE WITNESS: Mr. Nields classified both of them as cash.

MR. NIELDS: I didn't intend to. I didn't think I had. Mr. Secord has also told us he doesn't know what TDB Codelis is. These banks come off the ledger TDB Codelis.

Off the record.

(Discussion off the record.)

MR. JANIS: Let's get back on the record.

BY MR. NIELDS:

Q Mr. Hakim, we have discussed this TDB Codelis off the record and shown you a couple of documents. Has anything refreshed your memory to the point you could make any educated guesses?

A It hasn't refreshed my memory, but this TDB, as Mr. Janis said, it might mean Trade Development Bank, reminds

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me of only one association with Trade Development Bank which had to do with the time that we tried to get organized and established a credit card arrangement. I believe I testified to that yesterday.

And when we created this arrangement of having an American Express, that's the only way that I relate TDB to that. That's the only clue that I have in connection with this.

Now, I also, from the other note you showed me today -- can I see that one more time, please?

MR. JANIS: For the record, why don't we describe this. This is a note produced among the documents provided to the committees by Mr. Hakim. It is --

MR. LIMAN: What is the Bates stamp number?

MR. JANIS: H-1760.

THE WITNESS: This is handwritten notes from Mr. Zucker. I recognize Mr. Zucker's handwriting, and the impression that I get, Codelis is either an account or name of a person in connection with TDB which has to do with Servid structure, not ours. It's not related to our enterprise. It's part of Servid's organization. Whether they are using that for the purpose that I mentioned for the payment of the American Express --

MR. JANIS: Who is Servid?

THE WITNESS: Servid refers to CSF.

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-- MR. NIELDS: It is short for Compagnie de Services Fiduciaries.

I have just put another document in front of Mr. Hakim bearing Bates stamp H-1607, it also has the word, Codelis, on it, and at the top of the page it says, I believe, "Re: American Express."

THE WITNESS: These two transfers total to this 101,000 that we are showing in Exhibit 3, page 7. There are two transfers.

MR. JANIS: No, it is the same transfer.

MR. VAN CLEVE: I may note it refers to Codelis SA, which suggests it is a separate Company. Does that help you remember?

THE WITNESS: It definitely is not a company that belongs to our network of companies.

BY MR. NIELDS:

Q But you think it might be part of Servid's network of companies?

A I believe that would be closer to the truth.

Q Then do I understand you to be saying that it is your recollection or guess that these disbursements are for the purpose of paying American Express bills?

A I am saying that the only time that I can recall Trade Development Bank got involved or we got involved with them throughout our activities had to do with the American

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Express Company, so that's the only clue I have in connection with any transaction with TDB. If CSF or Servid used this facility for other purposes, I have no idea of that.

Q I understand. But these are disbursements that come out, initially that come out of your accounts?

A So it is reasonable to assume that they were paying the American Express charges.

Q Who had the American Express cards?

A I had one, and General Secord had one. The same card.

Q Anyone else?

A No, not that I know of.

Q Do you derive any meaning at all out of the fact these disbursements were from the Albon Values and the ToyCo accounts?

Let me sharpen my question. Would that indicate these are disbursements relating to Central America?

A That was my intent. If they really complied with it, I have no idea, because they have repeatedly shown in their bookkeeping they did not do proper allocation as I wanted them.

BY MR. VAN CLEVE:

Q This may have been asked, but do they handle your bookkeeping for American Express, CSF?

A Yes.

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Q So they were supposed to be bringing in those charges, making allocations and paying the bills, is that correct?

A Exactly.

MR. VAN CLEVE: Thank you.

BY MR. NIELDS:

Q Now, when they would pay a bill, I take it it required your approval first?

A To the best of my recollection. As far as the arrangement we had with American Express, we did not have any track record, we didn't have any credibility with them. We had to set aside a certain sum of money that would satisfy American Express in approving the payments when we used the American Express.

By the way, that leads me to make another conclusion here. It's very possible that Mr. Zucker or CSF created Codelis to put these moneys in there for the purpose of American Express. But this is only a deduction.

Q You mean, I take it, they may have put the money in that account in advance of actually running up the bills?

A We had to do it. That I recall. We had to --

Q But now, would they actually take money out of one of your bank accounts without your prior approval?

A I would say they would, yes. I would say they would for as long as they see that it would lose the credibility of a credit card and they knew the credit cards were essential for us, if they would reach to a point that there was no cover, I would not be surprised to see them filling that account again so we could continue to use our credit card.

As a matter of fact, I recall a number of times we faced difficulties because the bills were not paid on time.

Q I want to make sure I understand this.

MR. LIMAN: Have they ever turned you away from a hotel?

THE WITNESS: For airlines, that is true. There were a couple times it was very embarrassing. Very embarrassing.

BY MR. NIELDS:

Q As a general matter, I take it you would authorize disbursements at Mr. Secord's request, but you would authorize the disbursement before CSF would actually make it?

A Yes.

Q This was a disbursement to the best of your recollection which was made before you ran up the charges?

A We gave a blanket approval to CSF to maintain the funds as needed so we may continue to use the American Express card, sir.

Q Did you tell them which accounts to take the money out of?

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-- A We tried as much as possible, Mr. Nields, when we turned in the, our copy of the American Express vouchers to annotate those with the alphabetical annotations that you referred to yesterday. Sometimes we adhered to our own rules, sometimes we didn't.

Q Were the American Express cards used for both the Iranian Initiative and for the Central American project?

A I can't remember when the cards were issued, but they were issued at a time the contra deals were going on. Yes, we would use them for that purpose as well.

Q So you can't tell as you look at these disbursements of 101,500 and 51,000, you can't tell whether those were for contra expenses or Iranian expenses?

A If our deductions and assumptions, as we have been doing them for the past few minutes, are correct, and I see the date, May, '86, and to the best of my recollection, May, '86 we were still involved with the contra activities, so it is reasonable to conclude that the American Express cards also covered the expenses incurred for the contras.

Q Turning the page to the back of page 76 of Exhibit 3, there are two disbursements to, I guess it is Mchose, Charles Lilac. Do you know what those are for?

A I should know what these are.

MR. WOODCOCK: Which one are you looking at?

MR. NIELDS: My question is what the purpose of

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this expense was. Was it related to the contras, related to Iran or related to something else?

THE WITNESS: Technically, it should not refer to either one of those. It should -- I am not saying that it does -- it should have been paid out of my personal accounts for my purposes, because this is the law firm that I work with.

MR. VAN CLEVE: A California firm?

THE WITNESS: Yes. San Francisco.

BY MR. NIELDS:

Q These are, in effect, personal charges rather than enterprise charges?

A It should have been -- I have seen so much sloppiness in this whole thing that I would not -- I am not accusing Mr. Zucker, believe you me. Mr. Zucker also uses the services of the same firm. And one has to look to see if this bill that came into Mr. Zucker's -- CSF's network, if the clerk out there decided it is Albert's bill that had to be paid or she differentiated between those.

Q Got it.

Who is Abdul Rahman?

A The expense for Abdul Rahman should be allocated to SciTech, the allocation should have been made to SciTech. It was a SciTech activity. I testified yesterday that SciTech in certain areas represented STTGI, if you recall the testimony yesterday. This had to do with a transaction that had nothing to do with either the contras or the Iranian Initiative but with our activities in the UAAE. This is a gentleman who worked with us, and he incurred expenses. This gentleman is also related to the effort in connection with the activity that I testified earlier.

Q Robinette, is that money paid in connection with investigative services for the lawsuit that was brought against Mr. Secord in Florida?

A Not only Mr. Secord, also I was named as a defendant. That was my understanding.

Q Would you turn to page 8 of the exhibit.

Now, if the answer to this question is no --

MR. JANIS: You skipped those.

MR. NIELDS: Yes. We have information on those from Mr. Secord. I am not going to ask you about any of the other expenses on the back of page 7 because we have answers on those from Mr. Secord.

In turning to page 8, if the answer is no, simply say no.

Do you know what the disbursement to ~~[illegible]~~ CSF Servid from the Dolmy account on the first of May, '86, in the amount of $6,406 represents? Is that some kind of fee to CSF?

THE WITNESS: It could be possible. I don't know wha it stands for. It could be fees in connection with the

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procurement of a ship. Dolmy was the only account that was --

BY MR. NIELDS:

Q That is fine, we understand that, I think. There is a reference here to a $15,000 disbursement for a closing entry from the Gulf Marketing account.

A I don't know.

Q Okay. There is a payment on the Udall account reflected here, just under a $4,000 amount, to Compania Del Desroko. Do you know what that is about?

A I don't know.

Q There is a payment to the Bank of Korea in June of 1985. Do you know what that is about?

A I don't know. But anything to Bank of Korea must be something related to me personally. But I cannot recall -- I don't understand what it means, Bank of Korea. That I don't understand. In the total complex, the only one who has any business relationship is me, and my wife is a native Korean --

Q There would be no business expenses paid to the Bank of Korea that you could think of?

A No. Unless they -- I have no idea. It is possible they could buy a check from there and use it for a different purpose, I don't know. But my testimony is that I am the only one and have been the only one who has had any business transactions with Korea.

Q So, to the best of your knowledge and understanding,

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that would be a personal payment relating to you?

A That is one possibility. That's one big possibility

Q Could you turn the page. On the back of the page, there is an expense.

MR. JANIS: That first one, I think you will find from the records that have been produced, it is a CSF fund.

BY MR. NIELDS:

Q On the back of the page, there is a $70,000 disbursement from the Dolmy's account for CSF Guaranty Insurance. Do you know what that relates to?

A No, I don't. I can guess.

Q Was there insurance for the boat?

A That was going to be my guess.

Q Do you know, was CSF an insurer itself, or would you interpret this to mean that CSF obtained the insurance on your behalf?

A I can tell you only what I asked CSF to do for us. I asked them to make sure the ship was insured. I also recall that Mr. Zucker had a very difficult time buying insurance. He didn't want to mention what kind of hardware the ship was carrying, and then he could not tell them, but he did manage to get us insured. How he did it, I don't recall. He is a very creative man, he could have made some sort of arrangement.

MR. VAN CLEVE: Do you recall the amount of the insurance policy?

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-- THE WITNESS: I don't. It should have been at least for the value of the ship and the estimated goods that were being transported. That's my professional guess.

BY MR. NIELDS:

Q There is a reference a little further down on the page to currency exchange totaling $29,000. What does that relate to?

A I have no idea. I can make a number of guesses, but this could be -- was this thing -- are these expenses --

Q Expenses, yes.

A So it probably means that when we either cashed out moneys for the exchange currencies -- in Switzerland, when you go to a bank, even if you sneeze, they charge you for it. So when you --

Q These are fees you believe for exchanging currency?

A Or cashing out moneys.

Q There is a reference to balance in transit, $50,000, and down below there is transfer to transit, $310,000, and your ledger has references to charges under the heading "transit". What do they refer to?

A First of all, it's really not my ledgers, it's CSF's ledger; and, secondly, I am not familiar with these terminologies.

Q You don't know what these refer to?

A No.

-- Q There is a disbursement to Bank of Ostar TA in the amount of $30,000 on the 17th of February, 1986. What does that refer to?

A This is a bank in Brussels by chance?

MR. WOODCOCK: What is the transaction?

MR. LIMAN: Do you mean a transfer to a bank in Brussels?

THE WITNESS: I remember as one of the techniques that they used to lose trace of money and not have continuity, we would purchase checks --

MR. LIMAN: It is suggested to me TA means Tel Aviv and this may be a Tel Aviv bank. Does that ring a bell?

BY MR. NIELDS:

Q There was a transfer, transportation of arms from Tel Aviv to Iran, a few days after the 17th of February, 1986.

A I cannot understand why we would transfer money to Tel Aviv for that purpose.

Q You might need cash for crew payments in Tel Aviv in connection with the flights to Iran.

A Then that is possible. That is possible.

MR. LIMAN: It is Bank Oxard Hashial.

THE WITNESS: That must be an Israeli bank.

MR. LIMAN: In Tel Aviv.

THE WITNESS: So my first deduction is incorrect, and your assumption is closer to the fact.

MR. LIMAN: It seems to have been wired to a Yvett, Y-v-e-t-t, and then there is Demile, D-e-m-i-l-e. I don't know which is the first name and which is the last.

THE WITNESS: Mr. Liman, I vaguely remember that there was a time, now that Mr. Nields has given me more input, that the operational people did not take enough moneys with them to take care of the activities, and we had to do something to get the money there. I believe that that's how it happened.

BY MR. NIELDS:

Q There are references also on the same page to trips. I am going to assume that you have no recollection of what the first two trips refer to other than you would assume, I take it, that these are expenses related to trips taken by someone.

A That is correct.

Q Now, then, the third reference is trip WZ to the U.S. I take it that refers to Willard Zucker.

A It must.

Q Do you recall his taking a trip to the United States in July of 1986? And, if so, what was it for?

A Let me check something with Mr. Janis here.

Mr. Nields, I am ready to answer your question.

Q Yes.

A I believe that this has to do with a request that

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I made to Mr. Zucker to come to the States to evaluate for me certain investments that we were about to make.

Q Which investments?

A If this trip is the trip that I think it is, it has to do with the investment that I classify as the Marostica disaster. This gentleman introduced to a friend of General Secord, Larry Royer, and then from Larry Royer to General Secord and then down to me three investments that when I finally -- and I would like to underline finally -- looked at it, I classified it to be too good to be true.

So I needed to really understand it, because General Secord, for whom I have a lot of respect, normally makes good judgments, and I had a feeling that this time he was off, and I needed to verify that. So I asked Mr. Zucker to assist me with that, especially I believe at that time, I may be wrong, but I believe during that period General Secord was not available. So I did that with Mr. Zucker.

Q Let me see if we can finish this page, and then we can zip through the rest of it fairly quickly.

There is a cash withdrawal of $50,000 from Lake Resources on the 18th of February, 1986. Do you know what that relates to?

A No, I don't.

Q That is also within days of the transportation of arms to Iran. Does that refresh your memory, or can you make

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a judgment about it?

A It may or may not relate to the needs of the Iranian --

Q You don't know?

A I don't know.

Q I take it you don't know what these cash withdrawals are right under it for $2,144 and $5,700?

A It says general expenses, so it could be expenses incurred by General Secord, myself, or other people.

Q You don't know whether that is Iran, Nicaragua or something else?

A No. I cannot allocate those.

Q Right below it is payment to the famous law firm of Janis, Schuelke & Wechsler. Can you tell us whether that is contra related or Iran related or something else?

A First of all, it should have been allocated to my personal account. It should not have been sent from these pigeon holes to Mr. Janis' firm. I made it very clear to Mr. Zucker it should come from Albert Hakim to Mr. Janis' law firm.

Again, this was another area sloppiness was incurred. It had nothing to do in either case. It had to do with this famous crazy Florida lawsuit.

Q That has to do with the Central America --

A In my mind, with my involvement or lack of it.

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I really do not put it under any of those two activities.

Q But it does relate to the Florida lawsuit.

A Yes, it does relate to the Florida lawsuit.

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Q Okay. Down below, I am going to skip a bunch of things here, there is an expense for Garr, Inc. What is Garr, Inc.?

A I don't know, sir.

Q Underneath that, there is 10,000 to Davco Associates. What is Davco Associates?

A Davco Associates is a consulting firm in California that I employed for the use of STTGI or SDC. So, there were fees to them that either should have -- if it were -- if the services rendered by Davco were related to SDC, it should have come out of my personal account.

If it were related to STTGI, it should have come out of the SciTech account.

MR. VAN CLEVE: What is the general nature of Davco's consultants?

THE WITNESS: They are a confederation of independent retired people that provide consultants in various areas, security, business management. They have a broad capability.

MR. JANIS. May I have your indulgence for a minute?

BY MR. NIELDS:

Q Let's just finish the page. There is a disbursement to Agios, A-g-i-o-s. What does that relate to?

A I have no idea, Mr. Nields.

Q I am going to break. I think lunch is going to come at 12:30. You might want to break for five, and continue until

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12:30, and then break for lunch. Does that make sense?

MR. LIMAN: Sure.

MR. NIELDS: I would just keep on going.

(Discussion off the record.)

(Recess.)

EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

BY MR. VAN CLEVE:

Q Mr. Hakim, we are back on the record. We are proceeding to review what has been marked Exhibit 3. I ask you to turn to page 10 of that book. Page 10 reflects a series of disbursements to what I believe to be an individual named Meno Eytan. Can you tell us the circumstances for these disbursements?

A I don't recognize these accounts, whether it is the name of an account or an individual.

MR. JANIS: Can we have some assistance here? I don't think this is -- I think this is a bank.

MR. ZANARDI. It is a bank.

MR. LIMAN: I am told on the record that this is the -- the Israeli account that is used for the Israeli Air Force when it is reimbursed.

MR. JANIS: May we have a moment?

MR. LIMAN: To give you an illustration of it, you can see the debit notices, but this is really the code name, if I can use that, of the -- for the Israeli account.

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THE WITNESS: These are transfers from our system to them?

MR. LIMAN: The Israeli account.

THE WITNESS: Yes.

BY MR. VAN CLEVE:

Q Does that information refresh your recollection?

A I have no knowledge of that.

Q Thank you very much. If you would turn to page 11, please? As you can see, Mr. Hakim, page 11 reflects a series of disbursements to SciTech, some of which are specifically designated as payments to Keith Phillips or as a result of the activities of Keith Phillips.

I believe you identified Keith Phillips for us yesterday. Can you help me out and just remind me who he is?

A Mr. Keith Phillips is a gentleman that General Secord knows -- I believe I have met him once or twice -- to assist us with this Marways shelter project in Saudi Arabia.

Q I notice that one of the transfers here is referred to as SciTech TriAmerican Arms. I wonder if you could describe the circumstances surrounding that transfer?

A This to me indicates that money went into SciTech and from SciTech was sent to either TriAmerican Arms account -- I am not sure whether such an account existed, or it went to the trust account of Mr. Marostica.

Q I believe you spoke just a few minutes ago about some of your dealings with Mr. Marostica, but I don't recall that yo told us specifically about the TriAmerican Arms deal. Could you please tell us about that?

A I believe when Mr. Royer introduced Mr. Marostica to General Secord, and Mr. Marostica came up with his out-of-the-ordinary investments, that attracted General Secord's attention, General Secord -- I believe I was overseas.

General Secord called me,very briefly explained to me about the nature of the three projects, and asked me if I would consider getting involved. My answer was that for as long as I get a chance to examine this when I get back, it sounds good.

He assured me that nothing concrete would happen immediately, but we needed to show that we were interested in these projects and if I could go ahead and participate in this investment.

And as a result of that, I instructed CSF to transfer out of SciTech $150,000 to effectively Mr. Marostica, because even if the account was established in the name of TriAmerican Arms, I don't believe that anyone except Mr. Marostica had signature power in that account.

To this date, I don't know whether that entity was incorporated, but the reason they had TriAmerican Arms used as a name was because three individuals were -- or three groups w involved, Mr. Marostica, Mr. Royer,and General Secord and I as

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the third group, and I believe the reason they used arms was because they were dealing with this submachine gun manufacturer --

MR. LIMAN: American arms?

THE WITNESS: American arms. So, they just used TriAmerican Arms.

BY MR. VAN CLEVE:

Q So, this payment would have been sort of in the nature of earnest money in terms of beginning work on a deal?

A That is correct.

Q Is it your testimony these were your funds only?

A It is difficult to answer that question, frankly, because it came out of STTGI. It was STTGI -- the way I had structured it was to mean ST -- I am sorry -- let me correct that. It came out of SciTech. SciTech, the way I structured it was to mean STTGI overseas.

Q Was that also a 50-50 partnership between you and General Secord?

A That is why I am saying it is difficult to answer that question. I can only tell you what my intentions were.

Q Sure.

A I might have very well communicated that to General Secord as well. That would be -- it was not discussed that it was going to be a company that is going to have any activity. We were totally absorbed by the contra-Iranian initiative; but

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this was a company that really was a shadow of STTGI overseas, so the monies that went in there went into Mr. Marostica's account from SciTech.

Q Excuse me for being a little slow here, but STTGI is a 50-50 partnership, correct?

A Yes, that is correct.

Q Is SciTech also a 50-50 partnership?

A It was never put in that way. My intention was that it was a 50-50 partnership between General Secord and I, but I don't recall that at any time I had a discussion with General Secord that SciTech is up on its feet and is doing business.

Q When SciTech makes this payment, is it fair to assume that it is a partnership investment?

A That was my intention. I would say that SciTech, it took its first step of becoming active. That is the way I would classify it.

MR. LIMAN: Let me just show you something so it is precise. The actual payment, according to H-880, which is a record that you produced, came from the bank account for Albon Values Corp., and went to TriAmerican Arms.

THE WITNESS: Directly?

MR. LIMAN: Yes.

THE WITNESS: It shouldn't have.

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EXAMINATION ON BEHALF OF THE SENATE SELECT COMMITTEE

BY MR. LIMAN:

Q And -- now, the intention was, and it was charged on these ledgers as a payment on behalf of SciTech; correct?

A Correct.

Q And SciTech was this mirror image of STTGI?

A Overseas.

Q That is correct?

A Yes.

Q This was the company that you and General Secord were going to use for certain overseas activities in connection with operations in Iran if the door ever opened; is that my understanding?

A That is very correct.

Q The money now that was being transferred on behalf of SciTech to TriAmerican Arms was in the nature of a capital contribution to TriAmerican Arms on behalf of you and General Secord, as I understand it?

A That is correct.

Q And the request for this capital contribution came from General Secord, who was dealing with Marostica?

A Yes.

Q And, as I understand it, some $60,000 was then transferred by TriAmerican Arms to this machine gun company, American Arms? Were you aware of that at that time?

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A I knew that the $150,000 was going to be given as som sort of a deposit, earnest money, or whatever the type of discussion was to these three areas.

Q Investments?

A Investments.

Q So you knew there would be money that was going to be paid out of the $150,000 into these three investments. One was, as I understand it, the machine gun company; another was timber; some others were high-tech projects?

A No. No. The others had to do with food.

Q Yes.

A Food processing.

Q And you knew there would be some investments made out of the $150,000 on behalf of you and General Secord in those ventures?

A My understanding -- if you don't distinguish between investment and earnest money, then the answer is -- your statement is correct. I accept that.

Q And then I take it you sent Mr. Zucker there to look at these projects?

A I went with him.

Q You went with Mr. Zucker? You concluded in your own words they were too good to be true?

A We knew that from the outset, but we wanted to find facts.

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Q Therefore, you didn't pursue the investments in those companies?

A Well, that is not true. By then I had the opportunity of having a short meeting with General Secord in our offices in Vienna. I gave him a copy of the report that Mr. Zucker had prepared, and I told him, Richard, I think this is a scam. I have no trust in Marostica. This whole thing doesn't jibe. I just don't like it.

General Secord being a General, he took command and said well, I will look into it, and I will do the right thing and from there on, to this date, he has been handling it.

Q And has any more money been invested in them?

A I cannot remember clearly, Mr. Liman. I do remember two issues. I remember an effort that was made to make a transfer of $200,000 again to the very same account of Mr. Marostica.

Q This also was going to come from SciTech?

A It was supposed to come from SciTech. I also recall the normal difficulty that I had with banks. Mr. Marostica could not locate the money, and finally we -- we got the money back. It never got to Mr. Marostica. That is what I can --

Q That is what you remember as you sit here today?

A Today. But I also have another issue that is outstanding in my mind, but I cannot at this time find the origin of this. That is in connection with the timber deal we had -- the timber deal was a fascinating issue that we were going to put in $100,000 and end up with millions of dollars in no time.

Q A highly leveraged transaction, by my standards.

A I tell you, it would have been the miracle of the century.

Q It is only because you don't deal with junk bonds.

A So, I cannot, sitting here, recall how we made that money available, but this time, I think we were smarter and decided not to give it to Mr. Marostica.

We got it to the attorneys that we retained as a result of our being in Seattle. So, I don't know how we made that transfer.

Q In all of these deals, the machine gun deal, the food deal, timber deal, how much money did General Secord tell you was going to be required as an investment on behalf of both of you?

A I don't think that was ever put to me in that manner I don't think they had a business plan. That was one of the things that I didn't like.

Q What were the numbers that you heard as to what woul be the initial investments that you would be making on behalf of you and General Secord?

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A The initial investment that I recall -- I would not even call it an initial investment. I would call it a total investment.

Q Total.

A That would cause all these miraculous things to happen, was totalled up to be $350,000. That is why we had the 150 and the 200 that never got there. But as we got further into this what I called scam of Marostica, the ground rules continued to change, and each time we were surprised by a different figure.

Q Can I just ask a few questions that as I listen to you this morning, were -- I was uncertain of. I know that some of this you answered yesterday. The ledgers that you have been going through are ledgers that, as I understand it, were not under your custody; correct?

A Correct.

Q They were prepared by Mr. Zucker or his organization

A Correct.

Q And you saw them for the first time very recently?

A That is correct.

Q And when you saw them, you saw that they were muddled in some respects?

A Correct.

Q And that you found that there were allocations of expenditures to accounts that you did not consider to be the

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correct accounts for those allocations?

A Misallocations.

Q Misallocations. And you have been going over this with your attorney in an effort to assist us; correct?

A That is correct.

Q At the time that you were engaged in these transactions, and relying on Mr. Zucker, did you not receive monthly statements from him?

A That is not the way we handled it. I will explain to you how we did that. First of all, I have a great deal of trust in Mr. Zucker. I sincerely mean that. He is a very honorable man, very honorable man. This is -- this has been the basis of our total activity, trust.

Q Yes, but I trust the integrity of a bank like Chase Bank, but still I get statements or I have records available to look at.

A I am coming to that.

Q I want you to explain this.

A I am coming to that. We were not that orderly. We were quite messy and quite inefficient for a number of reasons. I don't want -- I don't know how much time you want me to spend explaining this, how value my explanation is, so please stop me if you see I am going too far in this.

First of all, CSF was not established to handle a covert activity. Secondly, we could not tell CSF what we were

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doing with regard to our covert activity. Third, Mr. Secord and myself, we had functions of operators, financiers, marketeers, we were -- you name it, we were all over the place.

We ourselves were very inefficient. There were times that we didn't have proper communications on this. There were times that we were under constant political pressure. That, I want to emphasize on that. Constant political pressure.

I can give you one as an example. We had to meet a deadline in releasing hostages, because the elections were coming up, but that -- I am trying to picture for you that we could not be as conventional as you think one could be.

MR. JANIS: Just a moment.

BY MR. LIMAN:

Q I appreciate it. You may want to finish this, becaus I am sure we are going to want to go into it in more detail, particularly when John comes back. My questions were, at the moment at least, narrower.

During this whole period from the time of the first arms deal with Ca[redacted]lero until November of 1986, did you receive any bank statements from -- bank statements for the group of companies that were involved in the transactions?

A I was about to answer that question. I was just reaching to that point, setting the stage for that. We could not have received statements, because our instructions were in addition to everything that I told you, to maintain a covert activity. The way we controlled -- I understand your question to mean under the circumstances, how did we control --

Q No. I am going to --

A We did not receive statements.

Q You give your explanations, which I appreciate. I am not questioning you about the explanations. I really would like to defer that until John comes.

A Okay.

Q As I understand it, when you open an account in a Swiss bank, you can instruct the bank to send statements, or yo can instruct the bank to hold statements. Did you instruct the Swiss banks to send statements to you?

A Those were not my instructions. I dealt with CSF. CSF dealt with the banks.

Q Okay. And did CSF send you any statements from these banks before November of 1986?

A I don't think so. I don't recall ever asking CSF to show me any bank statements.

Q Did you ever inspect those statements at CSF?

A I never inspected statements. I always inspected, together with Mr. Secord, what was the bottom line. We had a general idea what should -- we should have had in the account We focused on that.

Q In what form was this bottom line that you inspected together with General Secord?

A There were computer print-outs that were shown to us.

Q And who showed you those computer print-outs?

A Mr. Farina.

Q What happened to those computer print-outs?

A I have no idea. I can make only a deduction, a guess that they should be with CSF. I don't know.

Q Have you asked CSF to give you the contemporaneous computer print-outs?

A When?

Q Since you have been granted immunity from us and asked to produce records. Did you ask CSF, can you give us the record that were prepared at the time?

A Since this -- during the period that you are referring to, I have not been able even to sneeze without the presence of my lawyers.

Q Is the answer that you did not ask them?

A I could not have. They instructed me --

MR. JANIS: Excuse me, Mr. Liman. I am not sure I understand your question. Are you suggesting records in addition to those that have already been produced?

MR. LIMAN: My understanding is -- you tell me if I'm wrong -- that you do not know whether the records that we are looking at now as ledgers were prepared by CSF a month or two ago, or whether they were prepared as they went along. You

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don't know that? Am I correct?

THE WITNESS: My understanding is different.

BY MR. LIMAN:

Q What is your understanding?

A I would like to consult --

MR. JANIS: Excuse me. I have to say something about the question. Excuse me. The problem I think with that question may be the use of the word "the records", in a very broad sense.

MR. LIMAN: There were ledgers given -- computer runs that purport to be ledgers of CSF for these companies. Now, I understand that the testimony that has been given by Mr. Hakim is that he never saw these ledgers until recently.

MR. JANIS: I think what -- to be specific, I think his testimony was with respect to the ledgers that were shown him, he had not seen them until recently. If there are other ledgers that you want to show him, he presumably will be able to say, I haven't seem them, or I have seen them. The ledgers he was shown, for example, indicate they were prepared some time around December 4, 1986.

MR. LIMAN: Those were prepared by CSF?

MR. JANIS: That is correct.

MR. LIMAN: Now, have you produced for us the records that Mr. Hakim saw at the time when he and General Secord were looking at the bottom line?

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MR. JANIS: And I think the only way he can answer that is if you bring us the records that have been produced, he will have to look to see them.

MR. LIMAN: I am entitled to put questions the way I want. I will ask this of you.

BY MR. LIMAN:

Q When is the last time that you saw the records that contained this bottom line that you and Mr. Secord saw while these transactions were taking place?

When is the last time you saw those records?

MR. JANIS: You might answer that question.

THE WITNESS: To the best of my recollection, it was during the early part of the second half of 1986.

BY MR. LIMAN:

Q And since you have been cooperating with us in getting records together for production for us, have you seen those records?

A The only way that I can answer your question is -- I understand your question to mean --

Q Do you have any recollection of having seen them in the last month or two?

A No.

Q No recollection of having seen them in the last month The -- they were, as I understand it, computer print-outs?

A CSF computer print-outs.

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MR. JANIS: Among other records.

BY MR. LIMAN:

Q What were the other records that you saw with Mr. Secord?

A Well, if we can agree to some of the figures, they showed us a backup, or they looked at the backup documents.

Q So, you and General Secord would look at the records and if you saw something that seemed to be a discrepancy, you would ask for the backup records?

A Or ask them to go back and -- we gave them what we thought it should be. We told them what it should be. They went back and checked and we finally agreed.

Q Did these records have different accounts such as capital account, accounts payable, accounts receivable? Did they have that kind of ledger system?

A I don't think they exactly worked like that.

Q Describe them as best you can?

A They would tell us what was happening to each company.

Q What does that mean?

A Well, we had a number of companies that we were using Energy Resources, Lake, Hyde Park, and so on.

Q What does it mean, what was happening to each company?

A What was in it.

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Q It would show the balance?

A Show the balance. And all the other companies that you have the list of; and also showed the -- showed us the monies that we had received.

Q Showed the activity in the account?

A Yes. That is fair to say in a very general form.

Q Now --

A Monies in and out of these,and what was -- excuse me, monies in and out and what was the bottom line.

Q When you refer to the bottom line, are you referring to an entry that showed what the balance was?

A Of the total of the activities. For instance, SciTech, so much; Korel, so much; Hyde Park, so much.

Q So, there was a sheet which showed you the balance in each of these entities and then totalled them up?

A Yes.

Q Did they show you a record that allocated any of the balanced between you and General Secord and anyone else?

A You are talking about the capital accounts?

Q Or profit accounts?

A Profit accounts? They were -- for General Secord, I had a company totally for a different purpose, that I allocat that company for -- to park, if you will, Mr. Secord's --

Q Profits?

A -- profits.

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Q That is Korel you are talking about?

A That is right. Then mine was under my own name.

Q Right. And you testified, as I understood it yesterday, that the $4 million that was in CDs was really a reserve and was incorrectly allocated to your profit account? Am I -- did I understand that is what you said yesterday?

A No.

MR. JANIS: That is not correct.

MR. LIMAN: Then I am sorry.

BY MR. LIMAN:

Q The $4 million was a reserve, is the way you described it yesterday?

A The way I described it yesterday, we went through that organization chart.

Q Yes.

A In the Tower report. I explained the purpose and the reason behind creation of that, and how it worked, and if you look at that chart, you will see that the outside of the operational, there is a CSF investment with an R, which is not the continuation of the --

Q The R is reserve?

A The R is reserve, yes.

Q And as I understand it, just so that I can finish this, that when you saw the most recent records that were produced by Zucker, those records had allocated what you

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considered to be the R to your capital account?

A That is correct.

Q And you think that is wrong? That was not your intention?

A I don't know under what circumstances Mr. Zucker has prepared his so-called ledger.

Q He didn't discuss that with you before he allocated i· to you?

A No. No. But I know what my instructions were.

Q Just keep it as an R?

A And how. And I differentiated and I told him that they should be kept separately. He asked me under what account I told him I started to give subtitles to my name, AH-1, AH-2, AH-3.

Q Was the R only in the CSF bank account?

A I don't understand the question.

MR. LIMAN: Lou?

EXAMINATION ON BEHALF OF THE SENATE SELECT COMMITTEE

BY MR. ZANARDI:

Q The $2 million or $4 million that we see, that is in the -- your account, your capital account, what bank account was that held in? Was it in one of your bank accounts, or was it in the CSF bank account? Do you know where it was held?

A It was not supposed to be kept in a bank account. It was supposed to be in CSF investment. It was supposed to be

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invested. It was not a cash deposit as testified by Mr. Secord.

MR. JANIS: You mean certificate of deposit?

THE WITNESS: Certificate of deposit.

EXAMINATION ON BEHALF OF THE SENATE SELECT COMMITTEE

BY MR. LIMAN:

Q And do I understand Farina is no longer with Mr. Zucker?

A That is my understanding.

Q What does he do now?

A I have no idea.

MR. LIMAN. Why don't we take our break now.

(Whereupon, at 12:40 p.m., the taking of the deposition was recessed, to reconvene at 1:00 p.m., the same day.)

PM SESSION

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BY MR. LIMAN:

Q Mr. Hakim, before the lunch break, you testified about the fact that you had this relationship and trust with Mr. Zucker?

A Yes.

Q Is it not also so that there was a written agreement with Zucker, CSF, that authorized them to take instructions?

A Instructions from?

Q Well, let's take it from you, for example. Didn't you sign a fiduciary agreement with him?

A I signed fiduciary agreements with them, but I don't recall the text of those agreements giving them anything in that context.

Q General Secord, for example, testified he signed a fiduciary agreement with Mr. Zucker?

A Yes.

Q I assume that you had some kind of either fiduciary or management agreement that you also signed with Zucker?

A Yes.

Q Now, is it not customary in your experience for Swiss institutions like ficudiaries, to ask that there be something in writing that tells them from whom they can take instructions?

A The ones that I have come across relates to me, names me as the beneficiary of that financial activity.

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Q And that you can give instructions?

A Yes.

Q Now, in the case of this group of companies, was there a writing that indicated who was the beneficiary?

A To the best of my recollection -- you are now referring to a number of fiduciary agreements --

Q Right.

A -- for as many companies and accounts there are and as many as I have signed?

Q Right.

A The standard form Mr. Zucker has and it just names me?

Q Did any of those agreements indicate that he could take instructions from General Secord?

A To the best of my recollection there is no such document as far as I CAN REMEMBER.

Q So that the agreements were agreements under which you could give the instructions, correct?

A That is correct.

Q And they named you as the beneficial owner?

A That is my recollection.

Q But from time to time I think you testified that General Secord was able to give directions directly to Mr. Zucker?

A There came a time that he could do that.

Q And that came in 1986?

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A I think so, yes.

Q Why was it, since you were partners in the energy account, to take that as an example, you didn't name General Secord as the beneficial owner along with yourself?

A To begin with, these agreements, which you call fiduciary agreements, they were not really signed until it became necessary for Mr. Zucker to have them for Ms. Miles.

Q When was that, recently?

A Not all of them, most of them. And that was -- all depends what your interpretation of recently is.

Q Since November?

A Yes.

Q Since November most of them were signed?

A Yes.

Q Until then it was done orally?

A That is correct. Most of them. Most of them.

Q Which ones were signed earlier?

MR. JANIS: If you know.

MR. LIMAN: If you recall.

THE WITNESS: To the best of my recollection, ther were three fiduciary agreements signed under the annotation AH-1 and AH-2, where we had the reserve monies. It didn't name any one particular company, it names me. These are the accounts that I provided the will for --

BY MR. LIMAN:

Q Provided the will under which General Secord

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could designate what happened to the money if something
-happened to you?

A Right.

Q The others -- for example, the energy account, ther was no written agreement until recently?

A Yes.

Q Until after November?

(The witness nods his head)

MR. LIMAN: YOu have to say yes for the reporter.

THE WITNESS: yes.

MR. VAN CLEVE: If I might, on the question of the will that you described, you gave General Secord a power of attorney in the will. Is that what was done?

THE WITNESS: I don't remember the text of it, but it had that value.

BY MR. LIMAN:

Q Was it a will or a power of attorney?

A It was a will.

Q And you gave the will to Mr. Zucker?

A Yes.

MR. Janis; Excuse me.

(Mr. Janis is conferring with the witness)

THE WITNESS: I recall that there were two wills now. Because there were two $2 million deposits.

BY MR. LIMAN:

Q So there was a will for each of the deposits?

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A Yes. There was a will -- to the best of my recollection, there was a will in connection with the first $2 million reserve that named General Secord and in case of my death, and the second -- it could be the first one I don't remember which one was first or second -- I should say one of them named him the beneficiary after my death and the other named Secord and in the event of his death, Oliver North as the beneficiary in that reserve account.

MR. VAN CLEVE: The purpose of these arrangements?

THE WITNESS: He wanted the operation to go on. We did not know how it would go on or what would happen, and therefore, I followed the sequence from the lower level up to the level of command, if you will. And the reason --

MR. LIMAN: What does that mean?

THE WITNESS: From me to Secord to Oliver North.

MR. LIMAN: North being the top?

THE WITNESS: Yes.

MR. VAN CLEVE: Was North ever told he was designated as a beneficiary of your will?

MR. HAKIM: He might have, I don't recall now.

MR. VAN CLEVE: Did you personally ever tell him?

THE WITNESS: I might have, I really don't recall. I was not in such regular contact with North.

BY MR. LIMAN:

Q Did General Secord ask you in this second document that named North to include North?

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A No. Both wills I volunteered,I proposed. They did not even think about it.

BY MR. VAN CLEVE:

Q Was this your idea?

A Absolutely.

Q Or was it suggested by someone else?

A Absolutely my idea.

BY MR. LIMAN;

Q Why was it that you didn't simply designate Secord as having power of attorney whether you were alive or not?

MR. JANIS: Excuse me.

(Mr. Janis is conferring with the witness)

THE WITNESS: The commitments that really existed towards a lot of interested parties, effectively my resposibility.

BY MR. LIMAN:

Q What does that mean -- interested parties?

A Well, if you focus on the arrangement, how we operated, in this covert activity, or at least that is the way I classified it -- I do not go by the same categorization that General Secord or a military goes, you know. I took all of this input and used my businessman's points of reference and designed things the way I saw them, in interpreted them.

I saw three distinct functions: I saw here at the top a political function -- Oliver North sitting in there, and whoever was around him, inside, outside, with him. That was

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his business.

I saw next to me here, General Secord and his operational responsibility, with an overlap of a financial activity around me. So that is the way I saw the total picture.

Q So you saw North policy, Secord operations, you finance?

A And with an overlap.

Q With a necessary overlap of these different circles

A Yes. Basically with --

Q Let's go back to energy. Energy was a company --

A I didn't -- there is an outstanding question that I did not answer. I believe it was your question.

Why I designed the wills the way I did.

Q Right.

A The purpose was General Secord was reasonably aware, and I underline reasonably aware, of my obligations toward certain Iranian individuals who assisted me to open the second channel and I defintely wanted their interest to be protected at the level of the private group, and not get into the hands of officials.

And the second group -- these are all my categorization, I want to underline that -- the way I saw them, that is the way I used my judgment.

And the second one, I thought that the officials should have access to them. So that is why I designed it the way I did.

Q So the first --

A I don't remember which one was first.

Q On one of the $2 million accounts you envisioned that that money would be used to

A In case of my death.

Q In case of our death, to take care of some of the people who helped?

A My commitments to people.

Q And General Secord could --

A Could use some of those people.

Q Could see to it that that was done?

A It was not exactly -- so he knew of the people, people that helped me to open the second channel. They were in contact with General Secord as well. As a matter of fact --

Q Was there any agreement they would get part of that?

A You may find this strange and then you may not. In the Middle East there is a lot of lack of trust until they trust you. And when they trust you -- there was quite a bit of trust, I want to underline.

Q But no agreement?

A Not only no agreement. The Iranians, Mr. Liman, they are raised to put themselves in the hands of their leaders, if you will. They think differently. They thought they were in good hands. They still think they are in good hands. Secord knew some of the people, and he knew they had a commitment.

MR. VAN CLEVE: Did you talk with him about the necessity of carrying through on that kind of commitment?

THE WITNESS: I told -- everybody knew. It was open. It was not a secret. All along -- I don't know whether we will get into those or not, but in all discussions that I had with officials present as well, and by officials, I refer to Mr. Cave, Mr. North. I never, never made it a secret that there is a profit motivation, there is a financial interest there. I joked about it. I said you are all soldiers, you get the medals, I get the money. It was nothing that was not known. It was an open issue.

BY MR. VAN CLEVE:

Q So the record is clear, this is in connection with the Iranian arms sales?

A Yes. I am focusing --

Q General Secord knew this?

A General Secord kew this, North knew this, Cave knew this. I believe there are recordings. That is my belief

BY MR. LIMAN:

Q The question, as I understood it a moment ago was did General Secord know that out of the $2 million, that one, $2 million, that he was going to have to take care of some people if something happened to you?

A He knew that, and the people knew that. As a matter of fact, in the ~~tour~~ TOWER report I learned later that General Secord referred to my associates as his agent. So these people were very well known to the group. As a matter of fact, before we brought him into the group, they had to take a lie detector test. I went through that. It was known.

Q Mr. Hakim, was he told how much of the $2 million would have to be used for that purpose?

A The focus was not on $2 million, the focus was not on how much. The how much was never defined.

Q So the answer is not, it wasn't defined?

A It was not defined. It was -- it is important, Mr. Liman, to understand that it was under -- it was an obligation, and there should be a reserve for that obligation. That was the whole purpose of this exercise.

Q And what about the other $2 million, what was that to be used for? The one that North and Secord both had power over in your will?

A I was -- along the lines that I was thinking that if something should happen to me, I had already introduced -- I am not talking about Iranian Government officials, mind you.

Q Yes.

A The people who had helped me to put the package together, they were known both to Secord, Cave and North as well as George Cave. My thinking was in case of my death, you know, that association had to continue and go on to furthering the relationship. The only thing that would have happened, I would be out of it.

Q Who were these people?

MR. VAN CLEVE: General category now, not specifically.

BY MR. LIMAN:

Q You can write that down on a piece of paper, which we will reserve for -- if you write them down, we will restrict it to the majority and minority counsel of the House and myself. I know it is sensitive.

A You have to step in here.

MR. JANIS: Part of the problem is Mr. Hakim has told me, and I have no reason to doubt this, if the identities of these people become known, it is not possible they will be killed, it is probable they would be killed.

BY MR. LIMAN:

Q What kinds of people are you talking about?

A Iranians.

Q Private Iranians?

A Also.

Q I am talking now about the $2 million that North and Secord would have control over, that was not to be used for government officials. That is what I thought you were talking about.

A What I am saying is -- what I said was I wanted a portion of reserved, not to get into the hands of the government officials. I did not say that -- I did not break it down that this was meant for Iranians and it was meant for their fees. The total picture, Mr. Liman, and didn't change. We had an operation to run. You may find this thing difficult to --

Q I am trying to understand what --

A We have a total reserve and this was to be used for a number of things. We had to run our operation.

Q But that was like capital, right? To run an operation you need capital?

A That operation you need capital to -- you need running operation, but then you need other facilities, especially for covert activity, such as self-insurance, reserve for unforeseen operational expenses. The way I was looking at this whole enterprise, that it is a start-up company, has a lot of unforeseens. Every day was a new day, a new requirement. I had obligations to the Iranians, I had obligations to insurance, I had operational obligations. There were monies that were in the companies that were being used for operational purposes.

Q But your distinction for us between $2 million that Secord alone would have the control over, and the $2 million that Oliver North and Secord would have control over, what was that other $2 million to be used for, that North and Secord would control?

A The distinction comes from the fact that on two occasions I signed two fiduciary agreements, and I put aside for reserve two, $2 million. It was not -- it was there, so I could not draw a will to say that he has access to -- that facility was there, it was convenient for me to write the will based on what was available in the enterprise.

Q So that if I understand what you are saying, that both of these reserves were available to be used for the same purpose?

A The purpose of the enterprise.

Q Correct.

A Yes.

Q And that the reason that Oliver North was named in one but not the other was that you signed these at two different times. Is that the reason?

A We had two different reserves.

Q And they were signed at two different times, were they not?

A The fiduciary agreements?

Q Yes.

A That is correct.

Q And when you signed one of them you put Oliver North in --

A But the wills were written at the same time.

Q The wills were?

A The wills were written at the same time.

Q Then why was it that you were proposed to give

Oliver North some control over $2 million if something happened to General Secord, but not over the $4 million?

A Because my understanding was for Oliver North to get involved making payments to Iranians that could possibly include some officials in them would be not proper for him being an official of the government.

Q So that you gave Secord the power over the $4 million because you contemplated that some of that money might have to be used for the Iranian officials?

A Yes.

Q And North's control over the $2 million was limited to that $2 million because you had contemplated that he would not be dispensing that money to Iranian officials?

A Exactly.

Q Now, who would he be disbursing money to, what kinds of things did you contemplate he would --

A To continue the operation.

Q Now, when did you sign those wills?

A I honestly don't remember, sir.

Q After November '86?

A Oh, no, no.

Q Did you sign these wills at the time that you created the reserves?

A If not right away, shortly thereafter.

Q Now, the reserves were created -- one of them was created in, as I recall, February of 1986, and the other was created in May of '86. Do you recall that?

A I have to refer to --

Q May of '86 is when you had the Tehran trip and the first $2 million was created at the time that the thousand Tows were sent?

MR. JANIS: March 5 and June 18.

BY MR. LIMAN:

Q And when was it that you opened the second channel?

A The second channel, we started our efforts in July. In September the agency and Oliver North were satisfied that these people passed the test.

Q So that well before these people passed the test, you had created a will which gave Oliver North some control over $2 million if you and Secord dies, right?

A I thought I said that it was either then or shortly after. And I said I don't recall the date.

Q Who has these documents?

A They should be with Mr. Zucker.

Q And you don't have a copy of them?

A Not to the best of my recollection, no.

MR. LIMAN: We would request that you ask Mr. Zucker for these documents as soon as possible.

MR. VAN CLEVE: Did he draft them?

THE WITNESS: Yes.

BY MR. LIMAN:

Q Were these -- we have called them wills. In the

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United States a will is something where you dispose of all you property. These I take it were not that kind of will. These were what I would call testamentary instructions, instructions to Zucker as to what would happen to these particular funds in the event of your death. Is that correct?

A I can't give you a legal opinion.

Q Was this a will in which you took care of your family and everyone else?

A No.

Q It was really an instruction to Zucker that in the event of our death this is what was to happen?

A Yes.

Q Did Secord issue instructions like that to Zucker as to what was to happen in the event of his death?

A I am not aware of that.

Q Or North, did he issue that?

A I am not aware of them.

Q Did North ever meet Zucker to your knowledge?

A To my knowledge, I don't think so.

Q Did you give a copy of these instructions to General Secord?

A I don't remember doing that.

Q Or to Oliver North?

A I don't remember doing that.

Q Now, I wanted to just go back to where you started when we got into this. Energy was a company, a vehicle for

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both you and General Secord, correct?

A When you say vehicle for --

Q A corporate entity that you were going to use for the sales to the contras?

A That is -- I can relate to that, yes.

Q And you were each to share equally in the profits?

A Of the contra sale?

Q Yes.

A Yes.

Q Then why was it that you put this company in your name as opposed to being in the joint names of you and General Secord?

A For a number of reasons. To begin with, I told you that this did not happen until later.

Q Right.

A Secondly, General Secord was going through a transitional period whether he wanted to remain a businessman or wanted to go back to the government. His position fluctuated, and then it was not necessary, because there was no need for him --

Q In November -- before November of '86, or whenever it was that you signed the agreement with Zucker on energy in which -- in which you registered as the beneficiary --

A After the revelation, Mr. Zucker came to my hotel with a whole bunch of documents and I signed to cover him.

Q Now, before that you trusted Zucker that Zucker would recognize that this money was yours, right?

A Yes.

Q Without any written documents?

A Yes.

Q And is the same true that General Secord trusted you, that you would share the profits with him without a written document?

A I should hope so. There was no written agreement between us.

Q There was just an oral understanding?

A Yes.

Q And when Zucker came to you to sign the papers, did you have any discussion that you didn't want General Secord's name to appear?

A You are talking about the fiduciary agreements in connection with companies?

Q When it came after the revelations in November, yes sir.

A Mr. Zucker came to my hotel room.

Q Where?

A In Geneva.

Q Right.

A Very much disturbed, panicky, looked totally devastated. And I did not, I want to go on record that I did not read those agreements to come forth him, because I felt responsible for dragging him into something that he had

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no knowledge of. I signed all those documents and gave them to him.

Q Have you read them to this day?

A No.

Q Then do you know whether they named General Secord? If you haven't read them?

A If they did, they don't have the signature, to the best of my knowledge.

Q You are the only one who signed the ones there?

A Right.

Q Do you know whether or not he is designated in those agreements as someone who can draw on the accounts?

A He assured me it was the standard form that --

MR. JANIS: Answer his question. Do you know whether General Secord is designated?

THE WITNESS: I don't know.

BY MR. LIMAN:

Q Did you ask Mr. Zucker not to put General Secord's name on any of these companies?

A No

MR. VAN CLEVE: Did Mr. Zucker tell you why he wanted you to execute these agreements?

THE WITNESS: Because of the Swiss laws.

BY MR. LIMAN:

Q He wanted his own protection?

A His own protection.

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Q Now, Mr. Zucker knew that Secord was a partner of yours in Energy, didn't he?

A I don't know whether he looked at it that way.

Q Did you tell him that Secord was sharing with you 50-50?

A The contra deals?

Q Yes. That is what you did with Energy, right?

A We did most of our work with Mr. Farina.

Q Did Farina, did you ever tell Farina --

A Yes.

Q -- That Secord was your partner?

A Yes. In connection with the distribution of profits.

Q And Farina was then Zucker's employee?

A Employee.

Q Did you have any discussion with Zucker as to why he was not putting Secord down as a beneficial owner of Energy?

A You mean in November when he came there?

Q Yes.

A I said I didn't even read it.

Q What about SciTech? There was a partnership of you and General Secord, correct?

A A company meant for that purpose, yes, that is correct. The answer is yes.

Q Is General Secord listed as a beneficial owner of it?

A I believe those documents related to SciTech also were signed at the same time.

Q You don't know whether he is listed as a beneficial owner or not?

A Correct.

Q Did you have any discussion with General Secord to the effect that you would not disclose that General Secord was a beneficial owner of any of these companies?

A At any time?

Q Yes.

A It is possible. I don't remember. And the reason I say it is possible is when he told me that he wanted to go back to the government, I find it to be my normal reaction to tell him his signature would not appear on those. That is why I say it is possible.

MR. VAN CLEVE: Did you and General Secord ever talk about the application of United States tax law to these entities?

THE WITNESS: No.

MR. VAN CLEVE: You never did?

THE WITNESS: No.

BY MR. LIMAN:

Q Now, I want to follow up on that last answer of yours, where you said you knew he was going to go back to the government, he shouldn't have his name on any Swiss Bank accounts or Swiss entities?

A I said that it would have been my normal reaction if I told him.

Q But if you look at the records that we have, there continues to be a profit allocation. We just saw one in August of 1986 to general Secord, correct?

A Yes.

Q So that even though his name wouldn't appear, he would still get the profit allocation?

A Yes.

Q And what was the purpose of using Korel as opposed to General Secord's name so that his name wouldn't appear on any Swiss records?

A Not really. That purpose could have been served also at the same time.

Q Maybe I should have put it differently. Was the reason you didn't use his name on the records so that he would have anonymity?

A When we started to do that, it could have had that reason, but it was easier also to manage the money and so forth through another person.

Q Your name appears -- Hakim appears.

A He came at a later date.

Q When yousay a later date, originally your name didn't appear on it?

A I didn't even keep a company with my name on it.

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To this date, Mr. Liman.

Q Your lawyer has something to say and then I want to say something to you.

MR. JANIS: I think the question he is asking you is where --

MR. LIMAN: Let me rephrase it. If I miss you tell me and you can put the question.

BY MR. LIMAN:

Q I understand that General Secord is your partner and you have a good deal of respect for him, correct?

A Yes sir.

Q But you underatand that you are under oath and that you have got to let everything hang out, right?

A I understand that perfectly well.

Q And the question that I am really putting to you is whether you made an effort to keep General Secord's name off of the Swiss records of these companies?

A Yes.

Q Thank you.

A That question was clear.

MR. LIMAN: You don't want to pick up?

BY MR. VAN CLEVE:

A The records reflect declarations of profits at least through late July of 1986 to the account that you have identified as being General Secord's account. Was it your intention he would receive those profits?

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A At what time, sir?

Q As of late July 1986.

MR. JANIS: Do you understand the question? The question is a little confusing.

THE WITNESS: The question is not complete.

MR. WECHSLER: Which profits are you talking about?

MR. VAN CLEVE: The ones we lookedat this morning.

MR. WECHSLER: They went in August, August 27.

MR. VAN CLEVE: Excuse me, I stand corrected. We now have the transaction in mind.

BY MR. VAN CLEVE:

Q The records we examined this morning show a declaration of profits from the stranded shipment arms sale in lage August 1986. Was it your intention at that time that part of those profits would go to General Secord?

A To go to the account of Korel that I have kept.

Q And you identify as General Secord's account?

A Of General Secord's account. Should he change his mind and want to repossess his profits. He had foresworn those profits to me at a time that he, the same way he reacted in the hearings when he gave away all the money to Casey's foundation. I know, he got in one of those moods and said he had to go back to government and put a foundation straight, and he didn't want to have anything to do with these funds, they were mine.

MR. LIMAN: That was done orally?

THE WITNESS: Yes.

BY MR. LIMAN:

Q Nothing was ever signed on that?

A No.

Q And after that date he wrote those wills?

A Mr. Liman, I really have to look at that document to give you a precise answer. I am not trying to play cute, I am trying to be accurate?

Q After that date the record shows monies went to General Secord?

A I did not change the pattern.

Q The monies actually went to him?

A Yes. I did not change the pattern.

Q And monies he had invested in American -- whatever was -- Tri-American Arms -- for his benefit?

A Mr. Liman, I did not change my pattern.

Q And he didn't say don't invest money in Tri-American Arms for me?

A I don't --

Q That was his deal. He is the one who met up with these con-men?

A He wanted me to invest.

Q For him. He said he was supposed to be a partner, he testified to that.

A You can conclude that, yes.

Q I am only concluding it from what he said.

A Your conclusion is logical. What I am trying to, when we discussed it we did not go into such technicalities.

Q Apart from logical, it is truthful, isn't it, that was a partnership -- Tri American was a partnership?

A Yes, Mr. Liman.

Q And that he was a partner?

A Yes, Mr. Liman.

Q And that you put in the money for his benefit as well as for yours?

A Yes sir.

BY MR. VAN CLEVE:

Q When you and General Secord discussed the possibility he would foreswear profits from various transactions, did you ever discuss the possibility he might want to repossess these profits at a later date and they should be held for him in some form?

A General Secord was born a general and will die a general. Generals have a special way of thinking. If you deal with them long enough you learn how to deal with them. When he said that, I understood what his frustrations were. I also understood that he had an old wound from his previous employment in government. I understood his psychology. That was his position. He was sincere about that position. He meant what he said. I still believed that he meant what he said.

I believed him when he said give all the money to Casey's Foundation. But I am a businessman, I am more realistic than he is. I live in a different world than he does. So I did not need to go back, sit down and discuss things with him.

There were so many unknowns. I did not know he was going to go back to the government. I did not know whether he was going to change his mind. He made a statement, I listened to him, I kept them aside, I went on with my business I respect my own ideal and my own ethics. In my mind, I considered that he deserves the commission. I still think he does.

I think he is unrealistic. He is unrealistic altogether. He is in a different world, in my opinion. It is not that he is not truthful, he is. But he is unrealistic. So I went on with my own way of doing things. He is my partner, I treated him like one then. I still am treating him like one today. I am helping him in any form I can now financially or otherwise. I have a different attitude towards these things.

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Q With due respect, Mr. Hakim, my question was when General Secord told you that he was going to forswear his interest in the profits of these various transactions, did you and he ever discuss the possibility that he might wish to re-possess those profits at some time?

A That was not discussed and I did not bring it up.

Q You never had such a discussion?

A No.

Q Okay. May I ask you to take the book we were looking at before we broke and return to page 11. I am sorry to take you through this in detail, because I know it is rather tedious. I believe your testimony was you were the person who organized SciTech. Therefore, I think you are probably in the best position to tell us what the various disbursements are about.

A Not necessarily, but I give it my best shot.

Q I appreciate that. I am going to try to take you over the larger disbursements. The third entry is August 28, 1985, transfer from Lake Resources to SciTech in the amount of $48,560. Can you tell us would that have been used for the contra project or the Iran project or some unrelated project?

A Are you asking me this question for bookkeeping purposes?

Q Basically. I am sorry to put you in that position. We are trying to do some allocations.

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A If I understand you correctly -- I don't have knowledg of it, but looking at the date, I don't believe in August 1985 we had started with the Iranian initiative. If STTGI/ SciTech had incurred any expenses and monies needed to be transferred to it that date, and if I recall correctly the Irianian initiative had not started, I would have allocated to the contras.

Q Do you recall anything at all about the circumstances of the disbursement?

A No, I don't.

Q Moving down slightly, on the 14th of November, 1985, there is a transfer from Lake Resources to SciTech, $67,340. Are you familiar with the circumstances of that transfer?

A I am not, sir.

MR. JANIS: May we go off the record?

(Discussion off the record.)

MR. JANIS: Let's go back on the record.

If I understand, I have consulted with the committee, if I understand, page 11 of Deposition Exhibit 3, this only demonstrates the money that went out of one of these accounts into SciTech, but it doesn't reveal whether the money thereafter went from SciTech for some other purpose including operational purposes.

Mr. VAN CLEVE: Sure.

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--

MR. JANIS: I am right about that, am I not?

MR. ZANARDI: Yes, except for the TriAmerican Arms and the K. Phillips' disbursements, that would be indicated in a separate term.

MR. JANIS: This money may well have gone into SciTech and out for some other purpose, including an operational purpose?

MR. ZANARDI: Absolutely. The journal would show you where it goes. This is Hakim Exhibit 1836.

MR. JANIS: What I would suggest is when we go to the other Hakim Exhibit at another point, you may want to do that, but for purposes of this exhibit, I think that it really can't respond to the -- this particular page, because monies apparently went into SciTech and went someplace else.

MR. VAN CLEVE: Your point is well taken. Do we have a document that will show the transfers out as to each of these? We do want to make the allocations. We might as well use the primary document.

I don't understand why it was done this way.

MR. ZANARDI: Just off the record for a second.

(Discussion off the record.)

MR. ZANARDI: The reason why it was done this way is because the journal didn't go beyond the distributions that were in the general ledger. The other information provided by Mr. Hakim has broken that down further.

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That is in Exhibit H-1837. Not exhibit, but document number.

MR. JANIS: Can we have this marked?

MR. ZANARDI: That is the only copy I have.

(Discussion off the record.)

BY MR. VAN CLEVE:

Q I ask you to turn to page 13 of the Exhibit, Exhibit 3, please.

A Thirteen.

Q Yes. Now, these are transfers to STTGI from various accounts and you will notice that the first six transfers are transfers from Energy Resources to STTGI and they are designated on here as Secord loan transactions. Just very roughly, it appears that they amount to about $135,000 and they are made between early February and -- Early September 1985.

MR. JANIS: May I ask a question here?

MR. VAN CLEVE: Sure.

MR. JANIS: The document indicates Secord loan for the first six or eight transactions. Can you show us where in the records -- that is your conclusion or that is a conclusion on the document prepared by the committee. I think we should have the original.

MR. ZANARDI: I would say that -- I will give you the original copies of the disbursements. The allocation of loan was based on Mr. Secord's testimony.

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The records provided to us had no indication whether it was a loan or not.

MR. JANIS: To the extent there is a notation on this document that says "Secord loan", that conclusion is not based on the documents themselves, but rather on your interpretation of Secord's testimony?

MR. ZANARDI: That is correct. So I would disregard any indication of whether that is a loan or not.

MR. VAN CLEVE: Okay.

BY MR. VAN CLEVE:

Q Do you have an independent knowledge, Mr. Hakim, as to whether or not these particular disbursements did in fact represent a loan to Mr. Secord?

A No, I don't.

Q Did you at any time make a loan to General Secord through STTGI?

A The question is not clear. To make loan through STTGI, to General Secord, to me it means that STTGI has funds and Secord wants to borrow money from it. He is the president of the company and I am not exactly -- officer, running the company could have lent the money to himself.

Q As I understood it, it was a 50-50 partnership, isn't that correct?

A Yes.

Q Generally, when a partnership lends money to an

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individual partner, the other partner is aware of that, isn't that correct?

A Normally, yes, but --

Q What I asked you was to your knowledge did your partnership lend money to General Secord?

A Your question was different the first time. You said if I lent money to him, if the partnership. No. I am not aware of any such thing.

Q I want to be clear on your testimony. You are not aware?

A I am not aware of STTGI lending any money to General Secord with my knowledge.

Q I see.

MR. ZANARDI: Can I help you out a little bit?

MR. VAN CLEVE: Sure.

EXAMINATION ON BEHALF OF THE SENATE SELECT COMMITTEE

BY MR. ZANARDI:

Q Those monies, I believe, were disbursed through CSF to -- through one of your accounts, through CSF in New York and went to STTGI. Did you -- did the STTGI have a line of credit or any other type of loan with CSF?

A Yes.

Q The monies that are reflected in these transactions leaving the enterprise, were they part of that loan agreement with CSF?

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A Very possible, but it is not loan to Secord. Loan to STTGI.

Q Right. Okay.

A So -- that is why I am confused.

MR. VAN CLEVE: I understand. What your testimony is, if I understand it, this was not a personal loan to Mr. Secord, it was a loan to STTGI?

THE WITNESS: Exactly. We have an agreement. It may even be in writing. It may be in writing. I am not sure that CSF would extend a line of credit to STTGI and it is very possible that these are draws against that line of credit.

BY MR. ZANARDI:

Q Now, if the line of credit was extended to STTGI, would the repayments of that line of credit come from STTGI or would it come from the enterprise?

A The intention was to come from STTGI, but it didn't work out to be like that.

Q So STTGI then did not make any direct repayments of any of the line of credits?

A We never got a chance to make enough money to do that and the project was aborted and I don't have firsthand knowledge myself about the bookkeeping of CSF. But if I were a thumb, I would just take the monies from the enterprise's money and settle the account, I don't know what they have done.

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Q So, in practical purposes, there was really no loan if the payments went through the enterprise to STTGI, and if there is no outstanding balance, it is a payment from the enterprise to STTGI?

A The way things stand today, your analysis is correct.

Q Mr. Zanardi. Thank you.

MR. JANIS: May we take a short break?

MR. VAN CLEVE: Sure.

(Recess.)

EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

BY MR. NIELDS:

Q I think I am moving to page 11. We have covered everything down to the May 20 one.

We already know what 8833 is, 20 May. I think that is one of those 30-30-30-10 splits.

(Discussion off the record.)

(Whereupon, the document referred to was marked for identification as Hakim Deposition Exhibit A.H.-4.)

MR. NIELDS: We are marking as Exhibit 4 a document marked CSF Investment Limited ledger, and under that it says "Name and Description", and under that it says "SciTech Trading Group, Inc."

MR. JANIS: May I have one?

Thank you.

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BY MR. NIELDS:

Q I put in front of you, Mr. Hakim, a document marked Deposition Exhibit 4. It is a five-page document containing receipts and disbursements relating to SciTech Trading Group, Inc. I am putting that in front of you right now to permit you to refer to it to the extent you need to in order to answer the questions.

That I will ask you from page 11 of Exhibit 3. My first question is there is on page 11 of Exhibit 3, a $100,000 disbursement to SciTech from Hyde Park Square dated May 22, 1986. What does that represent?

A Do you know where that is reflected on Exhibit 4?

Q Page 2.

MR. JANIS: What is the date again?

MR. NIELDS: Date is May 22.

THE WITNESS: I found that. It is from Hyde Park --

MR. NIELDS: Page 3 of Exhibit --

MR. FLETCHER: Third page, labelled page two.

THE WITNESS: Where it says -- I found that. Okay. Yes. It says from Hyde Park. Okay.

Looking at these both documents, I really cannot help you. However, I testified earlier that there should be an additional $100,000 in connection with a timber deal. If the dates should jibe -- if the dates should concur, that could be it. So what I suggest we do at this time, if we could go back and pursue that transaction.

BY MR. NIELDS:

Q This is $100,000 that was taken from the enterprise and put into SciTech for the benefit of you and Mr. Secord?

A To be sent to our attorney in Seattle for the earnest money for the timber deal, if the dates would fall in the same time period.

MR. JANIS: Mr. Nields, I think the problem I have with this page, which I think is different than the other pages of Exhibit 3, in essence, this page is -- the deposits that went into SciTech. What you are interested in is not so much the deposits, but the payments.

This other exhibit, Deposition Exhibit 4, is one that I think is more pertinent for that purpose. This is just the starting point, Deposition Exhibit 3, and I think if you really want to know what happened to the SciTech funds, then you have to go through each entry on Deposition Exhibit 4. I think that will take us forever.

MR. LIMAN: But the money -- let's just make it simple. The money that went into SciTech was the money going into an entity that was created for the benefit of him and General Secord, correct?

THE WITNESS: That was the intention unless CSF has made misallocations. There is a lot of track record that they have misallocated. I have no reason to believe this was misallocated, Mr. Liman.

MR. LIMAN: But the question was created for the benefit of both of you?

THE WITNESS: That is right.

MR. LIMAN: Investments were made from that company for the benefit of both you and Mr. Secord?

THE WITNESS: Secord.

MR LIMAN: Those investments were found by Mr. Secord to this con man Marostica, and we could go through the ledger of SciTech to see how the money was disbursed, but it is being disbursed from an entity created for the benefit of both of you?

THE WITNESS: That is right.

MR. JANIS: I don't think he had any control over that. That is why I think the exercise Mr. Nields is undergoing here is not worthwhile.

MR. WECHSLER: If that is the only point you have to make, let's move on.

MR. JANIS: This just shows money going into SciTech, not what happened there.

That is exactly the point. I agree with what Mr. Nields stage-whispered.

MR. NIELDS: I will make it not a stagewhisper. This page 11 is different from every other page of Exhibit 3 because it relates to the capital account and all the others relate to disbursements from the enterprise. But in any event, the money going into this SciTech account would be money going into the enterprise that was set up for your and Mr. Secord's benefit just as Mr. Liman said a moment ago?

THE WITNESS: That is right. I qualified that. In essence, it is the same, but I would really like you again to say CSF has made a lot of misallocations. The concept doesn't change.

SciTech was for the benefit of both General Secord and myself. The concept doesn't change.

BY MR. NIELDS:

Q I may be also going over ~~around~~ ground you have already been over. I am not certain. I would like to ask you questions about page 13.

MR. VAN CLEVE: I was just describing to Mr. Nields the nature of the questioning. That was we dealt with the general nature of what was denominated incorrectly on the exhibit according to your testimony as a personal loan to Mr. Secord.

BY MR. NIELDS:

Q I take it rather than being a personal loan to Mr. Secord, these are, in effect, disbursements to STTGI which was a joint enterprise between you and Mr. Secord?

A Yes. It started out as a loan and then the loan was cashed in from the monies of the enterprise and effectively money was pumped from the enterprise into STTGI.

MR. LIMAN: In other words, it is forgiven? The loan is forgiven?

THE WITNESS: The loan was paid for by the enterprise.

MR. NIELDS: To CSF. So the net effect is there is a transfer from the enterprise to STTGI?

THE WITNESS: That is what I testified.

MR. NIELDS: In the amounts indicated on page 13?

THE WITNESS: But what I have reason to believe that STTGI's books are kept reasonably well because a good firm is doing that.

BY MR. NIELDS:

Q The answer to my question is yes, I take it?

A I cannot under oath refer to each one of these individual transfers and generalize, but in principle, the answer is yes.

Q Okay. These entries are taken from your records rather than STTGI's records?

A You are saying my records, you mean CSF records?

Q I mean CSF records and I mean --

A And I have testified CSF records were not audited by me before. I am trying to be precise and factual as I can and yet cooperative.

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Q The remaining ones, I believe, come from the bank records?

MR. ZANARDI: Here? They all have been the bank records.

MR. NIELDS: They were not from CSF records?

MR. ZANARDI: They were all from CSF records. If you want documentation from the bank, I have it here. Some of it.

MR FLETCHER: These are recorded in the ledger, John, if that is your question.

MR. JANIS: May I add something? I don't want to waste a lot of time, but do any of these starting with I suppose the May 5th, 1986 and thereafter, did any of these transactions reflected here in the records that we provided have back-up for what they were?

In other words, as I recall the records that were provided in a number of instances, CSF provided -- and we have provided to you documentation for what some of these expenses were.

Is it your -- none of that is present?

MR. ZANARDI: There are records that support some of those transactions that you gave us.

MR. JANIS: Those records don't indicate what the particular transaction is for?

MR. ZANARDI: It says -- let's show you one of the

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records.

MR. JANIS: We can be off the record.

(Discussion off the record.)

MR. NIELDS: Let's go back.

BY MR. NIELDS:

Q Mr. Hakim, off the record we have been talking about page 13 of Exhibit 3 and I take it that you do not now have specific recollection of the reason for each one of the transfers indicated on this page?

A You are right, sir.

Q And I take it that you have a general recollection that from time to time there were infusions of capital from the enterprise into STTGI?

A In the context that we earlier established, yes.

Q And you think that it is possible that some of the amounts listed here that are not in round numbers were transferred for a particular purpose?

A That is a logical conclusion we could come to.

MR. NIELDS: Let's go off the record.

(Discussion off the record.)

MR. NIELDS: Let's go back on the record.

I would like to go back on the record. Wait a minute. We are back on the record.

BY MR. NIELDS:

Q Mr. Hakim, directing your attention to the back of

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page 14, and I am going to ask you please to identify the purpose for each business expense listed here that you can recall.

A The figure that is referred to as business expense on 15 May 1986, from Albon Values for the amount of $30,150, if the dates should correspond to the time that we started [redacted]

Q They do.

A -- then this is the money that was cashed and the $150 was probably the expense of cashing it and was brought by CSF to my place of residence then in Geneva and I don't know where you got the annotation [redacted] but I believe if I am not mistaken that is the name of the DEA gentleman [redacted] who came to my place of residence and collected the $30,000 in cash. But --

Q Any others?

A One has to look at the dates to make sure I am right.

I do happen to have a note here that -- the last name of this gentleman is [redacted] He lives [redacted] and also I see a notation [redacted] He was the operational many who went [redacted] I talked to him a number of times, [redacted] and I believe his last name is [redacted]

So if these dates correspond, that is where that expense went to.

August 20, 1986, business expense, Tom Clines. This must have had -- recalling the earlier discussions and earlier testimonies in connection with the abandoned or rather stranded weapons, I see that is also in August 1986, that probably represents the expenses that Mr. Clines incurred in connection with that activity.

That is a guess on my part. Again, that date, 22 August 1986, business expense, RVS, Richard V. Secord, $7,000. That date corresponds to the time that we were actively examining the individuals of the second channel. So that must be allocated to the Iranian initiative, just judging from the dates.

I cannot identify anything else there. I don't know this 24 September 1986 business expenses to Tom Clines for 5,000. I cannot recall Mr. Clines' involvement at that period of time, because to the best of my recollection, that was the active part -- that could very well have to do something with the Iranian initiative you were -- you might have had a -- he might have had an assignment to do some work in connection with the Iranian initiative.

MR. JANIS: Off the record for a second.

(Discussion off the record.)

MR. JANIS: Let's go back on the record.

THE WITNESS: Based on comparing the dates that this

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24 September 1986 refers to the date that the stranded weapons were transacted. In my mind, I would allocate that to the contra account.

MR. WECHSLER: By that you mean the 5,000?

THE WITNESS: The 5,000, yes.

BY MR. NIELDS:

Q How about the next item down, 51,000, Hakim?

A 51,000, Hakim?

Do I have a back-up record to show whether this is cash or -- to me -- if it is to me, I am the logical person to be able to explain that. If I had the back-up, that might help.

MR. JANIS: Is there additional documentation?

MR. ZANARDI: There may be. That is all I have.

THE WITNESS: The only thing I see here, Trade Development. I have three documents here -- I have three $51,000 payments, and I have three back-up documents. I am trying to sort them out.

I see on two of them it says Trade Development Bank. Is this Dubai here?

No.

As I have testified in the past, anything that I know that has to do with Trade Development Bank is in connection with the American Express cards. I don't know how you reached the conclusion that I should be debited with these

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two payments, both of them $51,003.03. I don't see anything on this back-up document that would give me the idea that I should be debited with that. I cannot put that together.

MR. HAKIM: Were people writing blank traveler's checks for you?

THE WITNESS: No.

MR. LIMAN: Who is Kuen, k-u-e-n, Sik, s-i-k, Won, w-o-n?

THE WITNESS: A friend of mine.

MR. LIMAN: In New York?

THE WITNESS: In New York.

MR. LIMAN: Off the record.

(Discussion off the record.)

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MR. NIELDS: Back on the record.

BY MR. NIELDS:

Q Mr. Hakim, I don't remember if there is a question pending, but if there is, I'm going to replace it with the following question. To the best of your recollection, what do the business expenses in the amount of $51,000 on the 30th of September, 1986, and 27th of October, 1986 represent?

A You are referring to those that have my name next to the business expense?

Q Exactly.

A It is speculation on my part. I believe these were cash moneys that I made available for the purposes of the contras in trying to finish and complete our obligations. This is speculation on my part.

Q But I take it you do remember making some cash available to the contras at about that time.

A Providing the cash for the use of the contras. I had no direct contact with --

Q Physically how did you get the cash transmitted to the contras?

A I made it available to General Secord and from there on he was in charge.

Q Where did you make it available to him?

A I remember a case that I transported it myself, and --

Q From Geneva to --

A No, from New York. On maybe two occasions I did that.

Q From New York to Virginia?

A Yes. It's possible I had a third one delivered through a messenger. I can't recall now. Again, from New York.

MR. LIMAN: Did he tell you what he was going to use the money for?

THE WITNESS: The exact use of it, I don't know, but I knew that in many cases it was sent or -- Rafael Quintero picked it up, or it was sent to him, and he took it actually inside and paid for whatever.

BY MR. NIELDS:

Q And were the amounts consistent with these amounts, $1,000, $51,000 --

A The $1,000 is probably the cost of doing business. The actual money probably was 50. Again, this is a speculation on my part.

Q It's speculation these are the correct items, but I take it that you do recall on two or three occasions bringing cash from New York to Mr. Secord in Virginia in approximately amounts of $50,000?

A Maximum of 50,000.

Q Are there any other items on this list that you recognize?

A I believe I recognize the 27 October 1986 business expense, Dutton 40,000. That I believe corresponds to the time we were making the shipment of the TOWs through the second channel to Tehran. So Mr. Dutton was brought in to go to Tel Aviv to effectively replace Mr. Secord like he did in the previous missions. This time Mr. Dutton was in charge. So that money was made available to him in Geneva.

Q Any others?

A There is a 26 November 1986 business expense, Shea and Gardiner. I suppose this is legal fees in connection with the Florida case.

MR. LIMAN: Who were they representing?

THE WITNESS: A whole group of us: General Secord, myself. There were some 30 people called as defendants. I don't know how many people were in our group. That is again speculation on my part.

MR. JANIS: Off the record.

(Discussion off the record.)

BY MR. NIELDS:

Q I would like you to look at page 15.

A Yes, sir.

Q There are two disbursements there to F$\overset{u}{o}$rway

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Industries. What were those for?

A Again, it is speculation on my part in connection with the 25 August 1986 for amount of $50,000. I remember that we should look at STC and/or STTGI books. I believe STTGI books in California, not in Washington or Vienna.

If I'm not mistaken, this has to do, this was allocated to money invested into STTGI. But the purpose of this was to, I believe, in connection with the promotion and sales of the laser sites that I testified yesterday.

That is again speculation on my part, but can be verified through checking back records of STTGI, in Campbell, California, Bank of America.

Q Let me see if I understand. The STTGI ones again in California was owned by whom?

A STTGI in California and STTGI in Vienna, the same corporation. It is a California corporation. Operationally it moves its place of activity to Vienna where it was convenient for Mr. Secord, and the activities of the company in California was really limited to remaining in existence and having an address so the company could remain in existence as a California firm, but this particular payment or a particular payment through

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Forway to STTGI was made for the purpose of the marketing of the laser sites, because we intended for Forway to manufacture these. It was our design --

MR. LIMAN: What does "our" mean?

THE WITNESS: It actually belongs to me and an associate of mine. This is a follow-up on this Techtronics Company I mentioned to you earlier that I was conned out of $800,000. One of the products that they dealt with was a laser site, and it has a long story. From there it went to Hydra and they went bankrupt, and finally I developed this next generation of laser site with the help of an associate of mine, and this is the product that right now we are in the process of selling to the Korean government. So Fourway was supposed to provide a manufacturing capability for us.

BY MR. NIELDS: So these are, as I understand it, expenses in connection with a business enterprise of which you and Mr. Secord shared 50/50?

A In the line of the context that we have already established, I would classify it as money transferred from the enterprise to us in July. That would be more accurate.

We have managed to establish a line of communication here between us that regardless of what the original intent of these transfers were to STTGI,

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which was a line of credit, the way things stand today, because the projects were aborted and because I'm sure Mr. Zucker has cashed in on these moneys, these effectively are transfers from the enterprise to STTGI. So it should be categorized as such.

I haven't answered your question in connection with the second figure, $260,000, Forway, on page 15.

Q I'm glad you raised that. I thought you were answering with respect to both disbursements.

A No. I said 50.

Q I think that's correct, now that you remind me of it. What is the $260,000 disbursement to Forway?

A If I recollect exactly, Mr. Nields, I would classify this as misallocation. The reason I so firmly classify that as misallocation is because, if I'm right, and this refers from the date, I believe I'm right, 12 November, this is a transaction that STTGI accepted to perform for Forway, and which has nothing to do with the contras, the Iranians, the laser sites, a normal conventional type of business that STTGI can render to clients such as Forway.

Forway had, and they still have, a highly classified contract with the U.S. Government [redacted]

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Certain very large government contract has an agreement with Fourway for that classified project. Forway solicited or helped in [redacted] We managed to identify those equipment and Fourway was supposed to open a letter of credit in favor of Stanford Technology Vienna so we could pay the suppliers.

Apparently the government contract, U.S. Government contractor that had to contract with Fourway, they were late in opening the letter of credit to Fourway. So Fourway was not in the position to effect payment to us and the goods were sitting there with the supplier. Fourway is a company that Mr. Zucker personally has an interest, and I talked to Mr. Zucker. I said, "You have to step in and make available to STTGI a letter of credit so we can fulfill our obligations to the suppliers." I learned later on that he used the funds of the enterprise, which it was a deal between Mr. Zucker, Fourway and STTGI, and the funds of the enterprise should not have gotten involved in any way or form.

So apparently it was convenient, he used it, he opened a letter of credit to STTGI. The transaction was finalized, consummated and there must be somewhere in all the papers here that this money was returned back

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to the enterprise.

Q By CSF or by Fourway?

A One of the two.

MR. LIMAN: Are you saying that the $260,000 went to STTGI?

THE WITNESS: No, I'm saying that Mr. Zucker opened the letter of credit using the enterprise's money.

MR. NIELDS: To pay the supplier with?

THE WITNESS: No.

MR. JANIS: STTGI then paid the supplier.

THE WITNESS: Used it to open a letter of credit.

MR. LIMAN: No money goes out when you open a letter of credit.

THE WITNESS: No money goes out. It's only bookkeeping.

MR. NIELDS: In whose favor was it opened?

THE WITNESS: STTGI.

MR. LIMAN: So STTGI could buy the goods from the vendor.

THE WITNESS: That's correct. Actually, this money never left Switzerland or wherever it was. It was blocked. Based on that, a letter of credit was established. It was collateral, if you will.

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MR. LIMAN: But there was a disbursement of something.

MR. ZANARDI: The question I have is, is the letter of credit still open? We don't find any return --

THE WITNESS: That is the point I'm trying to make: No money, based on the information he provided me, actually left our bank.

MR. ZANARDI: It was sitting there.

THE WITNESS: It was simply a bookkeeping maneuver.

BY MR. NIELDS:

Q What you are saying is that $260,000 is part of the moneys remaining in their possession on your behalf as you testified in Paris.

A That is what I'm trying to say.

Q Just so I understand it, maybe others do, I do not, was the transaction consummated in the sense the supplier was paid?

A The supplier was paid, Forway received the moneys from the prime contractor and we collected our commission.

MR. LIMAN: And you then had to draw down on the letter of credit.

THE WITNESS: That is correct.

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BY MR. NIELDS:

Q Who initially made the money available to the supplier? Was it STTGI's bank in the United States?

A I believe -- you should look at STTGI's book in Vienna. That total is reflected there.

Q What you are saying, either STTGI paid the supplier or its bank paid the supplier and then --

A Or the prime contractor by then made the money available to be paid the vendor. It was satisfied.

Q In any event, STTGI didn't either spend or lose money on the transaction and neither did the enterprise?

A Not only that. What you said is correct. Not only that, for the first time STTGI had an income. They have had moneys coming in for the services that we render, but this was a commission that we earned.

MR. VAN CLEVE: Just so I have the nature of the transaction itself clear, this is all purchasing [redacted]

THE WITNESS: Yes. For the United States Government.

MR. VAN CLEVE: Off the record.

(Discussion off the record.)

BY MR. NIELDS:

Q We now go to page 20 of 37.

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MR. JANIS: For the record, on page 17, I'm advised that there is currently an invoice outstanding for Air Advisory. I'm guessing it's something like $50- or $60,000.

MR. LIMAN: Do you have a copy of that?

MR. JANIS: No.

THE WITNESS: I don't.

MR. JANIS: There is a copy in Switzerland. And that's very embarrassing, very, very embarrassing.

MR. JANIS: That is a Swiss company.

THE WITNESS: There is a way you have to do something with that.

MR. LIMAN: If you testify here long enough, maybe witness fees will do it. Only 716 more transactions to go through.

BY MR. NIELDS:

Q Okay, page 2. If you don't know the answer to it, don't speculate about it.

These are a series of payments to Tom Green. Do you know what they relate to, Iran, contra or other?

A I believe, I'm not sure about one item here -- I don't like to speculate, but I believe that $50,000 was a loan that I provided effectively out of the enterprise to Richard Secord for Tom Green. Such a thing happened. I don't know whether this is it or not.

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MR. LIMAN: But there was a $50,000 item?

THE WITNESS: Mr. Liman, a figure close to that. But it was 35 or 65 --

MR. LIMAN: There is one 45 and one 60. If you don't know which it is --

MR. ZANARDI: There is one transaction to Tom Green that appears in the capital account.

MR. NIELDS: Exactly, that is the point. That is the $45,000 one.

THE WITNESS: I didn't hear.

MR. NIELDS: He says it appears on the capital account, on Secord's capital account, Korel, and if that was a -- if in effect you were treating this as a Secord personal expense, it would make sense to allocate it to the Korel capital account, I take it.

THE WITNESS: I don't think I was that efficient when I made that note --

MR. LIMAN: What you know is that General Secord asked you to advance either $45- or $50,000 as a loan to his attorney.

THE WITNESS: That's it.

MR. LIMAN: Was there a note signed?

THE WITNESS: Not with me.

BY MR. LIMAN:

Q Was the money to be repaid to General Secord?

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A To General Secord.

Q So it was going to be a loan by General Secord to Tom Green, and you advanced the money or disbursed the money to General Secord?

A For the purpose of your bookkeeping and allocation, I would charge this to Secord, for bookkeeping purposes.

BY MR. NIELDS:

Q You said yes to a question that surprised me. Are you saying that this was a loan to Tom Green --

MR. LIMAN: Yes.

BY MR. NIELDS:

Q Or a loan to Secord so he could pay Tom Green?

A No. No. I consistently said it was a loan to Tom Green at the request of Mr. Secord.

BY MR. LIMAN:

Q It was a loan from Secord to Tom Green?

A To Tom Green.

Q You provided the money to Secord and it should have been charged therefore to Secord's account?

A That's right.

BY MR. NIELDS:

Q And I take it that could have been the $45,000 transaction or it could have been the $50,000 one consistent with your memory?

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A It could also be possible that it's not even here. Okay.

You show me these. It refreshes my memory. I remember the transaction --

MR. LIMAN: And the rough amount.

THE WITNESS: And the rough amount.

BY MR. NIELDS:

Q Do you remember the rough time period?

A No.

Q 1985 or 1986?

A I honestly can't remember. I would say it was 1986.

BY MR. LIMAN:

Q You answered there was a $35- or $50,000 loan that you have just described. What were the other payments to Tom Green for?

A The best guess that I can make is these must be legal fees.

Q When you say "best guess," I take it all of these were payments at the direction of General Secord?

A Definitely.

Q And were these payments where he channeled the direction to you or where he went directly to ZucKer?

A Secord, unless it was absolutely necessary,

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tried not to come in contact with Zucker's network.

Q What was the reason that he tried not to come in contact with Zucker?

A It was a very basic understanding, Mr. Liman. Each one of us had his own circle --

Q And function?

A And function. We tried to remain in there as much as possible without getting in the way of the other party.

Q Was it to maintain secrecy?

A Very much so.

Q You would deal directly with him?

A Yes.

Q You would deal directly with Zucker?

A There's no question the structure to maintain secrecy at all levels, as you probably know, for instance, I do not have U.S. clearance. I should not have been privy to a lot of information, so they wanted to honor that. And there were a lot of things, still a lot of things within my -- I testified yesterday my business network that I had created from the time that I lived in Switzerland. I didn't want them to get into my system. So we respected and honored that. The same thing applied to all these structures.

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BY MR. NIELDS:

Q Are these disbursements to Tom Green in connection with the Florida lawsuit?

A I don't believe so. It is possible. However, I am not certain Mr. Secord did consult Mr. Tom Green now and then in connection with the corporate entities. I don't know that for a fact.

MR. JANIS: May I have your indulgence?

THE WITNESS: There is a good observation here, Mr. Nields.

MR. JANIS: Let's go back on the record.

MR. NIELDS: Yes?

THE WITNESS: It appears the possibility I mentioned earlier about this loan to Mr. Green may not appear in any of these. If you go back to the page that I effected payment to Mr. Janis for the contra-related lawsuit. That's the back of page 8. If you look at that date, 24 July 1986, payment to Mr. Janis' law firm for $10,000, 24 July, and if you come back to that $50,000 payment the 22 of July, that could very well be in connection with the contras.

BY MR. LIMAN:

Q To Mr. Green?

A To Mr. Green.

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BY MR. NIELDS:

Q You mean in connection with the Florida lawsuit?

A The Florida lawsuit and thus it could be a legal fee.

Q How about the subsequent ones?

A I testified earlier that I can only guess. I recall vaguely Mr. Secord now and then consulted with Mr. Green on both of these covert activities. These could very well, all of these, be legal fees.

Q Do you know if anyone else consulted with Mr. Green on the covert activities?

A Consulted -- at the beginning of the operation or at any time?

Q At any time.

A I don't have firsthand information. I know that I consulted with him for a very short period of time before I retained the services of Mr. Janis' law firm.

MR. VAN CLEVE: Were you a client of Mr. Green's in connection with the Florida lawsuit at any time?

THE WITNESS: To this date I'm not quite sure how legally this falls out, because he retained another lawyer, and technically I don't know. He may very well be my attorney in this thing, I don't know. I have no legal opinion.

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BY MR. NIELDS:

Q So you consulted with him a very small amount, as I understand it, about North?

A I believe there was a time that, when we were all panicking after the famous speech of Mr. Meese. He was --

Q I don't mean that. I mean earlier.

A Earlier, I don't know.

Q Was Mr. Green ever paid a finder's fee in connection with the Canadian arms?

A I believe so. I did not pay him. I did not pay him. I don't believe Mr. Secord paid him.

BY MR. LIMAN:

Q You heard of the Canadian arms deal --

A The reason I remember that it was paid to his law firm, it was not paid to him.

Q Did he complain?

A I don't know.

Q When you say it was paid to his law firm, somebody must have told you what the Canadian arms dealer paid to a law firm a finder's fee?

A I believe my information must have been through Mr. Secord.

Q And Mr. Secord told you the Canadian arms dealer paid the law firm a finder's fee?

A The reasons outstanding in my mind is Mr. Secord must have told me that his law firm was paid for this and I found that very strange, how you pay a law firm's finder's fee -- you could pay a member of the law firm, but --

Q Did Secord tell you they made a mistake and it should have been paid to Tom himself?

A No.

Q Did he find it strange or just you? That's what I'm asking.

A I found it strange. He said that it was the corporate, or the law office's activity, and they shared everything alike and he wanted to remain decent, and he did not find it adequate -- I'm saying, to me, it was strange, to Secord it was not strange, to Tom Green it was not strange. He thought it was ethical for him to share it with his partners.

Q What do you mean when you say it was not adequate?

A In my mind.

Q You use the word it was not adequate. I just didn't understand that.

A To me, a law firm --

Q You thought it should have gone to the individual, not the institution.

A That's not what I'm saying. In my mind, a law firm practices law; they don't go and find -- then if it goes -- to me, it was quite strange because the money went to the law firm. And I see ethics -- I mean substantial high ethical move and then it's -- I didn't see anything unethical with it. I found that to the contrary, it increased my respect for Mr. Green to be so open to his clients and not to go behind their back and do other things.

EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

BY MR. NIELDS:

Q Let's move to page 23. That is a disbursement to Goulden's client. What is that?

A Do you have any back-up document on that?

MR. LIMAN: Who is Goulden?

THE WITNESS: First time I hear it.

MR. LIMAN: Do you know who it is? Why don't you tell him so he can tell us.

MR. NIELDS: Back on the record.

BY MR. NIELDS:

Q What's your best information as to what Goulden's client is and what this represents?

A The way I would like to answer your question, Mr. Nields, is maybe to give you a clue, with the rest of the information you have, and see if my speculation is

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correct.

I believe that this has to do with the transaction in connection with the Blowpipe from England, a certain David Walker. My best guess is that this deals with that. So if you can look into it further --

MR. LIMAN: Did you not get the money back? There was a deposit back. Did you not get that money back?

THE WITNESS: I can't recall what happened to that transaction. I don't know whether we even collected this.

Correction. Correction. I believe it was Dave Walker. I believe the transaction was not the Blowpipe. I believe the transaction had to do with the load master to pilots.

BY MR. NIELDS:

Q And the phrase "Goulden's client" is on your record, I take it, as a way of preserving the secrecy of Walker's identity?

A I suppose so. I cannot be sure. I suppose so.

Q You are talking about the crew for flying the airplanes into Nicaragua and dropping the weapons to the contras?

A There was a time, yes. Yes.

Q I suspect -- well, I don't know. Is this a

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misprint? This is a Motorola transaction?

MR. JANIS: For the record, in your record it said Matada.

BY MR. NIELDS:

Q Turn to page 24. I don't need to ask any questions about that. Try 25. Four disbursements to Stanford Technology.

A I have only one basic question in connection with the back-up documents on this. Was it transferred to California?

MR. NIELDS: That's what I want to find out.

THE WITNESS: It seems we are talking about transfers to California, and while you gentlemen are looking for back-up documents, there is a point I would like to bring to your attention.

I recall a transfer that was supposed to be made to STTGI and by mistake it was transferred to Stanford Technology Corporation in California and then STC found the mistake and retransferred it from their account to STTGI. If you come across --

MR. LIMAN: How much?

THE WITNESS: It was a substantial sum. It was a large sum.

BY MR. NIELDS:

Q I don't know what you think of as large.

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A Maybe $50-, $60-, $70,000. So if you come across that transaction, you should consult STTGI or STC's books to obtain clarification.

MR. NIELDS: Has anyone come up with any back-up for these?

The question is whether these are transfers to Stanford Technology Corporation or transfers to STTGI.

THE WITNESS: If you show me where they were transferred -- let me answer your question differently.

There were transfers made to Stanford Technology Corporation. I should have been indebted for that, not the enterprise.

BY MR. NIELDS:

Q I believe if these are transfers to Stanford Technology, I think you say they are for your personal benefit and not for the enterprise.

A Or STTGI. It should be the individual Albert Hakim.

Q Would you turn to page 30?

MR. JANIS: This gets into a very sensitive area.

MR. NIELDS: We are talking about names of people that ought not be named?

MR. JANIS: Yes.

MR. NIELDS: Tell us if --

THE WITNESS: I can give you the nature of it and then --

MR. LIMAN: Why don't we do sensitive matters, I think John is entitled to it, George it entitled to it, and I'll take it on the same confidential basis. We just can't operate without having some understanding of it so we can tell our members they shouldn't go into it.

MR. JANIS: We are prepared to do it generically.

MR. NIELDS: If we need more off the record, we'll go off the record.

MR. LIMAN: We're going to have to give instructions to members.

THE WITNESS: I want to help as much as I can so you can do your job and we can get on with our lives. Life must go on. So if we can get off the record.

MR. JANIS: Is there anything you can say on the record about this?

THE WITNESS: Yes. This has to do with the second channel in connection with Iran.

MR. NIELDS: Okay.

THE WITNESS: We're off the record?

MR. LIMAN: We're going to stay on.

BY MR. NIELDS:

Q On page 33 you have five directors fees. I take it these are fees paid to CSF?

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A For the directors. They must have paid also the Panamanian reports --

MR. LIMAN: These are the dummy directives.

THE WITNESS: I don't think they would like that terminology.

MR. LIMAN: I don't mean dumb. There is a difference. There were times when people appreciated being called that.

MR. VAN CLEVE: These are rather expensive dummy directors.

BY MR. NIELDS:

Q Page 34. Let's keep going. There is a disbursement from Udall to [redacted]

MR. ZANARDI: I believe that's also Quintero.

MR. NIELDS: Does Mr. Hakim know anything about this?

THE WITNESS: If I know what this is, there is a misspelling there. And, again, we discussed that separately --

MR. LIMAN: Why do you think it's Quintero?

MR. ZANARDI: Let him answer the question.

BY MR. NIELDS:

Q Can you tell us whether this is -- tell us the correct spelling.

A Let me limit the answer to the question that

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has to do with the --

Q Is this an expense for Iran or contra?

A Iran, second channel.

MR. ZANARDI: It is the same person as the other one, I'm sorry. Mike Farina.

BY MR. NIELDS:

Q On page 35, an expense from Energy Resources, April -- that should have been charged to you?

A That's money I transferred for my wife. She happened to be in Korea then.

Q Let me tell you that we made the mistake, not CSF, and it was charged to you.

A Okay. Good.

Q Page 36. There are three charges, Eric ZucKer, cash. There is a misspelling there, too, but these are all to Mr. ZucKer's son, I take it. For what purpose?

A Do you have any records showing how he was getting paid for his salary when he worked for us for a short period of time?

Q I don't think we do.

MR. LIMAN: No, but these look like they're monthly payments.

THE WITNESS: If they are monthly payments, then they're salary.

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BY MR. NIELDS:

Q So that's allocatable, equally, to all aspects of the enterprise?

A I would say that this started with the Iranian initiative. It should be allocated to the Iranian initiative.

Q You said he did up a chart which included both Central America and Iran?

A He just used the machine and --

Q Last page, 37, there are payments to Sharf, Green and Langford. These are apparently to the law firm, but I take it they are --

A There should be invoices for that.

MR. LIMAN: It looks like disbursements to me.

THE WITNESS: I believe they were billed and had to do with the contras, and there should be invoices for that.

MR. WECHSLER: You mean the Florida lawsuit?

THE WITNESS: No, the contras. It had to do with a land purchase.

MR. JANIS: Lanker is spelled with a "k" and not a "g."

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BY MR. NIELDS:

Q Let's get into Iran, the Iranian aspect of this thing.

A You don't want to cover this CSF thing, get that out of the way?

Q Do you want to do that?

MR. LIMAN: Are you in the mood to do CSF?

THE WITNESS: I would like to finish with the borrowing stuff, figures, money, all of that. I winked.

MR. NIELDS: Make sure you get that on the record.

THE WITNESS: I have to design a new machine to do that.

BY MR. NIELDS:

Q What is it basically that you are focusing on?

MR. JANIS: It is his job to ask the questions and your job to answer them.

MR. NIELDS: It is easier to ask me.

THE WITNESS: I am trying to assist, to see where they want to focus.

BY MR. NIELDS:

Q Maybe you could begin by simply describing CSF to us.

A CSF is a company that basically provides a various number of services, a service company. It provides fiduciary functions, money management, legal work, but basically they

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work with only a selected group of clients, where they are very selective.

MR. LIMAN: Is there anything analogous to that in the United States, to that kind of company?

THE WITNESS: Not under one roof.

BY MR. NIELDS:

Q Because they have both lawyers and investment counselors and --

A Yes. It is probably under two or three different kinds of professions you can come up with the same package.

Q Tell us what the two or three professions are.

A Banking, a law firm, and I differentiate between banking and money management. Money management -- and there are other services that I classify under general. They do tax -- they do quite a bit of tax work.

Q Where are their offices?

A It is in Geneva.

Q Do they have only one set of offices?

A CSF does only one set and then they added a new capability a few years ago and they created the CSF Investment Limited. I believe they are -- legally it is formed under the laws of Bermuda, and they are located there.

Q Located in Bermuda?

A Yes.

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Q Hamilton?

A Hamilton.

Q How many employees or partners -- how many people are there that work at the CSF offices in Geneva?

A A wild guess, I would say about between 12 to 20 people.

Q Can you just describe the different categories of people that work there?

A They -- first of all, they employ more than one system of computer. I believe they have two, two different sets of computers. They lease out some of that, some time of the computers. They do -- I believe they do outside bookkeeping or at -- leasing the computers for outside bookkeeping, so they have people who deal with the computers.

They have accountants. They have tax experts. They have lawyers, and the rest is clerical and bookkeepers, general administration and so on.

Q Who owns it?

A I have -- I do not have first hand information myself.

MR. LIMAN: Who acts as if he owns it?

THE WITNESS: Mr. Zucker.

MR. VAN CLEVE: Do you own an interest in CSF?

THE WITNESS: No, I don't. I have for -- sometimes I entertained the idea of buying into that company and I discussed this with Mr. Zucker. He thinks I am too dangerous for that type of business. I am a marketeer.

BY MR. NIELDS:

Q Does he have any partners who are perhaps less equal than he, but who are nonetheless partners in his business?

A I don't believe so. I think it is a family organization.

Q To the best of your knowledge he is the sole owner?

A To the best of my knowledge he is the sole owner.

Q How many -- just approximately, if you have any idea, how many clients does CSF have?

A I think he puts out some sort of a statement that doesn't spell out the number of clients he has, but he puts out what its assets are and how much money total they bank.

Q How much total does he manage?

A The last time that I talked to him about this must have been a couple of years ago. I think he was managing something in excess of 120, 130 million Swiss francs or the equivalent.

Q One hundred thirty million Swiss francs. What is that in dollars?

A You are talking something between 50 to 70 millio

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dollars depending when you take that. I must add at this time it is important that we all get a feel for what is happening to Mr. Zucker today.

He is a very honorable man. He really is. He is a good friend. He is a good lawyer. He is a -- in my opinion, he is the most creative financial man that I have seen. I have a lot of respect. He is a very dear friend of mine, and he has drastically, drastically suffered from this incident.

He has lost a large number of his clients, and they simply came and pulled out their investments and employees resigned. He went through a very bad emotional time. He is still going through a bad emotional time. He is torn into ~~peaces~~ pieces. He likes to maintain his professional integrity, his friendship. It is not an easy situation that he is dealing with.

Believe it or not, when he -- at the beginning he did not know what we were doing. If there was a time that he came about to understand that we were working on some sort of a covert activity, I assured him that it was legal, and the President of the United States knew. He open-heartedly accepted to help us. He has definite, definite principle to fight Communism. The way I put it to him, basically -- this is what we were doing. So towards the end of our activities, he knew that we were

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working on behest of the U.S. Government. He had no reason to doubt me. I have known him and worked with him for something like more than 15, 16 years. There is a lot of mutual respect and trust there. So I thought -- I mention that on the record, that this man has suffered drastically.

Q When you --

MR. LIMAN: Did you consider yourself one of his more important clients?

THE WITNESS: No. Not really.

MR. LIMAN: In terms of magnitude of your business with him?

THE WITNESS: I honestly, truly don't believe that he -- even if you look at the amount of money that he has collected as a result of our activities, when you look at the total inefficiency that we created in his organization, we were not that profitable for him.

Did I answer your question?

BY MR. NIELDS:

Q Let me follow it up a little bit. That is something I am not sure I understand. The money that you had on deposit at the various bank accounts, Hyde Park Square, Gulf Marketing, those monies would not be included in the amounts that Zucker managed, would they?

A I don't think he would have shown that in his statement, no.

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Q Now I take it that what would be included in the amounts that he managed are the amounts in the capital accounts that were sent to CSF and had come out of the enterprise bank accounts?

A With the exception that there were times that I have noticed, after looking at the figures, that he dipped into those accounts and used it in some instances for operational purposes when he was not supposed to.

Q When you said those accounts, you mean the capital accounts had been used for operational purposes?

A Basically what I am referring to, I am considering also the reserve as one of the capital accounts. So that is where the major money is parked.

Q That money in the reserve, I take it, was managed by CSF?

A CSF Investment. CSM Investment Limited.

Q You testified in Paris about, I think, about a $6 1/2 million amount of money that was being held on your behalf by a Swiss fiduciary. I take it that was CSF?

A Yes.

Q Where is that money now?

MR. JANIS: It is in the State Department -- that is off the record.

THE WITNESS: We have been informed that these monies are kept in Toronto Dominion Securities-London.

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BY MR. NIELDS:

Q I would like you to say that again. Please do it again.

MR. JANIS: I think what he said is Toronto Dominion Securities in London.

MR. VAN CLEVE: Is that a bank?

MR. JANIS: That is my understanding.

MR. ZANARDI: Can we go off the record for a second?

(Discussion held off the record.)

MR. NIELDS: On the record.

MR. JANIS: Can we go off?

(Discussion held off the record.)

BY MR. NIELDS:

Q Apparently there is reason to believe that in the very end of 1986, about $6.4 million was transferred from Republic National Bank, a CSF account in Republic National Bank to Toronto Dominion Securities in London. The question you were asked while we were off the record is whether that was at your direction.

I take it the answer is no.

A The answer is no.

Q Then I would like to give you an opportunity to at this time give us more information about CSF and how it is structured.

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A CSF is a self-sustained, complete service company with a lot of professional integrity and knowledge and creativity. They do not necessarily keep on calling their clients for every move that they want to make. That is very important to understand. And I am not just referring to us. I have seen Bill operating that way.

He consults with these clients when necessary, but he knows where he is going. He knows what needs to be done. He spends a lot of time examining issues. He, like I said, provides a complete service under his own direction and management with the aid of the accountants and lawyers and other staff that he has. It is not a clerical organization.

MR. LIMAN: So he has discretion?

THE WITNESS: He has discretion. He makes decisions himself. That is to the benefit of his clients, how to protect the interest of his clients. He is very sensitive to that.

MR. LIMAN: You are not suggesting that it is just coincidental that on December 30, 1986, transferred this $6.2 million from outside the United States jurisdiction to the UK?

THE WITNESS: I am suggesting that it may not even have anything to do with us. It could very well be some of his clients -- let me back up and tell you normally how he spreads his --

MR. LIMAN: Didn't you understand he was trying to protect one of his clients; namely, you ~~buy~~ by moving the money outside of the United States jurisdiction?

THE WITNESS: If we assume this money was ours and was kept in National Republic Bank, and it was ours, then your assumption is correct.

EXAMINATION ON BEHALF OF THE SENATE SELECT COMMITTEE

BY MR. LIMAN:

Q Did you not know where the money was before you heard it was in London at the Toronto Dominion Securities?

A That is what I am trying to explain. The way -- and one of the reasons that digging into this bookkeeping is so much more difficult than a normal way, he tries to spread the risk of his clients.

What he does, let's say that there is an investment of some -- whether it is an office building or oil business or whatever, of $10 million. He syndicates that. He goes and gets through -- gets other firms, maybe 5 million, and then he has 10 clients. He -- depending on the amount of monies that they have with him, he allocates portions of their capital and then he goes as CSF Investment for the other $5 million

MR. JANIS: Can we go off the record for a second?

MR. LIMAN: Before that, CSF maintains an

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Omnibus account; is that correct, an account in which the monies of a number of clients are comingled?

THE WITNESS: That is correct.

MR. LIMAN: And on his books he can identify which clients money is where and --

THE WITNESS: Where and how. Exactly. That is the point. That is the heart of the explanation.

BY MR. LIMAN:

Q That is his operation?

A Exactly.

EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

BY MR. NIELDS:

Q I take it he has a number of bank accounts in which his clients' money is physically located? There are more than one?

A Obviously.

Q I take it there is -- well, how many are you aware of?

A He is very discrete, believe you me.

Q But you have heard of Toronto Dominion Securities. I take it that is a CSF account at Toronto Dominion Securities that your money is in?

A I have no idea of how he has structured it. In answer to the question of our lawyers in Switzerland, this information was provided.

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Q Is it invested there? Is it earning money?

A I believe it is in some sort of a ~~despoit~~ deposit.

Q What does that mean?

Does that mean, yes, it is earning interest?

A Yes. It is earning interest.

MR. JANIS: I believe that the record that was provided -- am I mistaken? I believe the records that were provided to the committees by Mr. Hakim indicated the location of a number of banks in which these assets were invested?

MR. ZANARDI: The --

MR. JANIS: And they were not primarily United States banks.

MR. ZANARDI: The problem is if we are talking about, for example, the $2 million reserve, the records we received indicated that it was a cash disbursement and in many cases -- in that case, the bank was not identified.

MR. VAN CLEVE: You were not able to tell from the records? You were not able to identify a dozen or so banks, financial institutions?

MR. ZANARDI: In terms of CSF, the answer is, yes, because I think the best example would be in the arms transfer to Defex, in which at least four or five different CSF accounts were used.

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MR. VAN CLEVE: I think there is more in the record than either -- either we are not communicating or there is more in the records than you may have gathered at first glance. I think the premise of your question is really not correct.

MR. LIMAN: Not correct in the sense that the money was abroad before December 30?

MR. VAN CLEVE: Yes. I think to the extent your question seemed to imply that, for example --

MR. LIMAN: It did imply.

MR. JANIS: -- $6 1/2 million in Republic National Bank --

THE WITNESS: It was a coincidence.

MR. NIELDS: It might not have been a coincidence, too. Republic parks its money various places. Some went to Bermuda.

MR. JANIS: I think the records the committee has would demonstrate that this was not a situation in which this-- these monies were on deposit at Republic National Bank in New York and were spirted out of there before the end of the year so that nobody could get to them.

MR. LIMAN: I just want to suggest to you that when -- there is no way that your client is not going to be asked by at least a half a dozen members of the committees that I can think of where this money is and when it was transferred there. And if he is in a position to answer it, he ought to answer it. If he is not in a position to answer both of those questions now, he ought to get himself in a position to answer.

THE WITNESS: Those questions are valid questions. But what I am trying to say that Bill did not take our money necessarily out of Republic National Bank. My best guess is that he took the monies of all of his clients there because Republic National Bank became a target. That is my stimulation.

So it so happens that the 6.4 million is very close to the 6.5. I don't find this to be Bill's style. I am saying that that could have belonged to a hundred clients.

MR. LIMAN: Why don't we move on. I think you ought to put yourself in a position to answer as soon as possible --

MR. JANIS: He can't.

MR. LIMAN: He can answer right now. Consult with your lawyer.

MR. JANIS: Answer what?

MR. LIMAN: When did the money go to the Toronto Dominion?

MR. NIELDS: Where has it been since November? Or I take it since November.

MR. VAN CLEVE: Mr. Hakim's money.

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MR. NIELDS: Where is it -- was the money that CSF was handling on your behalf, the residue, the residual from the Iranian transactions. Where has that money been since November? If it is moved, where has it moved from?

MR. JANIS: I think the committee has --

MR. LIMAN: The object isn't to play hide and seek. If you have clues and go ahead and let's see how smart you are. Can they find it?

THE WITNESS: Mr. Nields, I believe personally I do not have first hand information, but I am using my best judgment to answer your question. I believe since November, it must have taken Bill Zucker a good amount of time to call all the different investments and separate -- segregate them, package them, and bring them back under the -- he could not have called all of the investments -- part of the investments.

He had to call all of the investments. If he made a $10 million call, the example I gave you, he had to call all of that back, and he had to reallocate, to restructure. Any of his investments that he had any of our monies in it, he had to call all those back and redo it. My guess is -- my guess, I have not spoken with Bill. We have not discussed this. My guess is that if he started to do that, he could not have rearranged his structure and protected also his other clients in less than two months.

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So I would say that from the time that he felt that there is a danger towards his clientele, not just us, he started to call in all those and start restructuring it and my guess is it would take him a good 60 days to call and reinvest it.

So let's go on with this.

BY MR. NIELDS:

Q I do want to second what Mr. Liman has said. I think it is very much in everyone's interest, including yours, for you to be able to answer that question.

A I am leading to that. You said since November. So I want you to know, that probably I would not be able to account for two months of that. Okay. When you say November, you are talking about November 20, 25, so if -- let's say by the end of January, Mr. Zucker became able to combine the assets of the enterprise.

MR. LIMAN: Mr. Hakim, I know a little about Swiss fiduciaries. If you had gone in to see Mr. Zucker on December 12 and said, "Where is my money invested," he could have told you?

THE WITNESS: Oh, yes. We are coming to that.

MR. LIMAN: Therefore, I presume that you will be able to tell us and the committees, more importantly, where this money was during the period that Mr. Nields asked you.

THE WITNESS: Mr. Nields asked me-- I understood

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the question to say after November.

MR. LIMAN: Authority.

THE WITNESS: Okay. I am saying that we can tell you where he had them until November.

MR. LIMAN: Okay. That is right. And then --

THE WITNESS: Then he started to go through the phase of transferring it. I am saying -- if I understand my attorney, he says we have documents here that show where the monies were when you started to look into them.

MR. JANIS. I am not testifying.

MR. LIMAN: You can't do it right now.

MR. NIELDS: We will move on.

BY MR. NIELDS:

Q Are you saying you can answer the question now where ~~here~~ the monies were prior to November?

A I believe we can do a reasonably good job of that.

MR. LIMAN: You believe your attorney can do a reasonably good job? That is what I understand.

BY MR. NIELDS:

Q Is that what you are saying? You could not do that now?

A No.

Q Well, I think that would be a very good idea for you to put yourself in a position to be able to do that maybe by tomorrow afternoon.

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MR. JANIS: We will see. We have to talk about it. I am not sure that I can give you the level you want. I am still not sure I understand -- apparently there is some discrepancy between what we have derived from the record and what you have derived from the record.

MR. VAN CLEVE: I think, if I understand what John and Arthur are saying, the committee is simply going to want to know the committee was in such and such a bank. If it was invested for a particular purpose, and you know that purpose, then the commiteees would want to know that purpose also.

MR. JANIS: Let's go off the record, John.

MR. NIELDS: Okay.

(Discussion held off the record.)

BY MR. NIELDS:

Q Okay. Did you have an account at CSF prior to the time that the Energy Resources account was set up and the Nicaraguan project began?

A I believe I already testified that --

Q You pulled everything out?

A -- during the time I lived and operated in Europe, I had bank accounts, company, home, and also testified that when I relocated myself into the United States, the bank account was left there, but it was not substantial. It was effectively dormant, but a small sum of money, which

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I spoke about yesterday.

Q Was that an account with CSF?

A No. I believe it was UBS.

Q So your relationship with CSF had -- was dormant?

A Except they were doing my tax and they -- except they were helping me to make the transfer from the -- from Geneva to Switzerland, helped me go through the transition period.

Q Does anybody else have any questions generally about CSF?

EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

BY MR. SABA:

Q Were you the beneficial owner during the period 1975 to 1983 of any accounts or companies being operated by CSF or Mr. Zucker?

A '75 to --

Q Eighty-three. The time when you began the business with STTGI with General Secord.

A Oh, prior to beginning of business with General Secord?

Q Yes.

A Seventy-five to '79 I definitely had active companies.

Q These were Swiss companies?

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A Swiss, Panamanian.

Q Did --

A I testified yesterday.

Q Did these companies have accounts operated by Mr. Zucker?

A Not really. We did that ourselves-- secretaries, accountants, so forth. He was our lawyer. Basically he handled our legal work.

Q Did he operate any of the accounts for you during that period?

A Not that I remember.

Q Did --

A To complete the answer to the question that you asked, from 1979 to 1983, I went through the phase of shutting down what I had in Switzerland so I cannot be precise as to the status, the legal status of the companies and accounts that I had there, but we were going through the process of phasing them out.

There was no substantial sums of money kept there, if this is what you are looking for.

Q Did some of the companies that we are concerned with here that we discussed yesterday, did they have other names prior to assuming the names that we know them now, sir?

A No. Are you asking if -- what we used for these two initiatives was something that I had from then and

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continued with during the covert activities?

Q Well, that could go one. Yes. Why don't we do that question?

A No. No. Going back to the statement that I made in connection with one of the questions that Mr. Nields asked me, I said there were times when we were going through a transition period. That period I cannot be precise about. We canceled some companies. I recall as I testified already yesterday, I maintained one of the companies, I believe it was Stanford Technology Corporation Services.

So those -- there was a transition period that I cannot be precise, but I can be precise about the fact that they were dormant, no substantial activity was going through them, no monies were there, and none of those companies were carried forward, changed names for the use of the covert activities.

Q Could you tell us in a general way how the accounts that we are concerned about were operated? How was money-- who would give instruction to transfer money? Was that yourself? How was that money moved?

A What part of the transfer? You see, there is transfer between CSF and the banks. See, you must --

MR. LIMAN: You looked upon CSF as the master account?

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THE WITNESS: CSF was my bank, the way I looked at it.

MR. LIMAN: So you gave instructions to CSF. Which bank CSF puts the money in is at CSF's discretion?

THE WITNESS: Exactly correct.

EXAMINATION ON BEHALF OF THE SENATE SELECT COMMITTEE

BY MR. LIMAN:

Q So if you told CSF transfer a million dollars from Lake to X, it is CSF that has to give the instruction to the bank?

A That is precisely correct.

Q And if you tell CSF we are going to receive X million dollars, CSF decides which bank to put that in?

A Or would give us the account.

Q Yes, but that is -- it decides whether it goes into Credit Suisse or some other bank account?

A You are right, Mr. Liman. You are precisely correct. CSF used the banks that they chose to use and they told us we operated -- for instance, Energy or Lake, we didn't tell them to choose Credit Suisse to open the bank account with. They chose to.

MR. NIELDS: Wait a minute. I think something has gotten mixed up here. You went over a chart yesterday of various bank accounts, Lake Resources--

THE WITNESS: Companies.

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MR. NIELDS: Companies, but they also had bank accounts. You identified them as intake companies?

THE WITNESS: Companies. Companies, Mr. Nields.

BY MR. LIMAN:

Q Let me be sure we have this clear. You were not the signatory of the bank account that Lake had, for example, at Credit Suisse or were you?

MR. NIELDS: He was a signatory on some and not others.

He was.

MR. LIMAN: Some you were?

THE WITNESS: The way I interpret all these outstanding questions, let me please make sure that I don't have language problems here.

I -- my understanding is that the following questions are to be answered. One, did we-- did I choose banks that the corporations that we established to work with us, or CSF chose those banks for those companies.

MR. NIELDS: The answer to that is CSF?

THE WITNESS: CSF.

MR. NIELDS: The next question is once you have chosen the companies and CSF has chosen the different bank accounts --

THE WITNESS: Did I have signature power --

--

MR. JANIS: Let him ask the question.

MR. NIELDS: Who decided which account a particular deposit would be put into? You are about to get $15 million from Ghorbanifar. Who decided which account Ghorbanifar would put his money into?

THE WITNESS: That would be our decision. I testified that yesterday.

MR. NIELDS: I thought you had , but I got mixed up.

THE WITNESS: We had three collecting companies. We used one. Once we were finished, we went to the second one But we didn't choose the bank.

MR. NIELDS: Which bank CSF got an account for for that company?

THE WITNESS: Exactly.

BY MR. LIMAN:

Q But they gave you the number of the account?

A Exactly.

Q Therefore when you got $15 million from Ghorbanifar, you could give them the account number?

A Correct.

Q On some of these bank accounts you had signature power?

A That is correct.

Q And on others you didn't have signature power?

A Right.

Q For example, you don't appear to have signature power on Energy.

A That is correct.

Q Even though that was your company and Mr. Secord's company?

A Correct.

MR. JANIS: I think it is fair --

BY MR. LIMAN:

Q So how did you decide which ones you got signature power on and which ones you wouldn't?

MR. JANIS: Mr. Liman, I also think it is fair to say based upon earlier testimony that some of the accounts he has according to -- that he now has signature authority on, he may not have had such authority until very late in the game.

THE WITNESS: I am about to answer that.

BY MR. LIMAN:

Q Prior to November 1986, did you have signature power on any of these accounts?

A I would like to answer your first question, how did you choose to have signature power on one account and not another. I did not wish to have my signature on any account.

There came a time, as I testified earlier, that I

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--

was very unhappy with the performance of one particular person in CSF who was basically handling our work. Mr. Farina. At that time I demanded to have signature power because I was the beneficiary of the company, and I had ownership of the company.

I said I want to have the signature power. I want to cut Farina out. I am going to start going directly with the banks. I am unhappy. That -- the decision was not based on the operation of each company. The decision was based on the efficiency of the system.

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BY MR. LIMAN:

Q What was that? I wasn't here yesterday. When was it you asked for the signature power?

A I really did not feel that we had an on-going activity until the second channel started. Until the second channel started, I was not quite sure how long the relationship would last and when we would fold our tents and go. And I believe, if I am not wrong; I put my signiture on those accounts at that time.

Q September, October 1986?

A Something like that.

Q And before that---

MR. NIELDS: He said summer yesterday, I think.

THE WITNESS: And before that, I did not have any signature power.

MR. JANIS: May I ask a question?

Do the records we produced have the new and old signatures?

MR. SABA: It is impossible to state.

MR. NIELDS: I may have an answer.

MR. JANIS: My recollection is the records produced a number of these bank accounts. There were more than one set of signature cards. You should be able to tell from the records when they were changed.

MR. NIELDS: Here are two signature cards. This

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one has Hakim and Zucker. Here is another one. And here is the 19th of July. It does not have Hakim. May 20. He changed late from an account that did not have, he was not a signatory on which Bastion, Farina to one which has Hakim, Farina and Zucker.

MR. JANIS: I think the records will answer these questions.

MR. NIELDS: Let's take just a poke at some other accounts.

MR. SABA: The change was subsequent to what was provided to us. You are not aware of any further changes in the signatuory?

MR. JANIS: No.

MR. LIMAN: He is on ToyCo and Udall---

THE WITNESS: I should be on Hyde Park.

MR. LIMAN: Hyde Park is not on according to our records, but that doesn't mean---

THE WITNESS: I definitely am on Hyde Park.

MR. SABA: He is on Hyde Park, but not on Barclay Bank.

MR. LIMAN: Why don't we move on?

MR. JANIS: The record should reflect that.

MR. SABA: Whether or not you were signatory, it was understood you had authority to move from whoever was the signatory?

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THE WITNESS: If I went to the bank.

MR. NIELDS: He means if you had the power to instruct CSF to move the money?

MR. SABA: Did anyone else have that power?

THE WITNESS: I have also testified to that, that eventually Mr. Secord got to the point he could do that if he wanted to, but he tried not to get involved as much as possible. We went through all that yesterday. I testified to this repeatedly.

BY MR. LIMAN:

Q He worked for you?

A He worked for me, yes.

MR. NIELDS: I would like to mark as Exhibit 1, a copy of a document marked as Exhibit 1.

MR. JANIS: Let's go off the record.

(Discussion off the record.)

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(Back on the record.)

BY MR. LIMAN:

Q Mr. Hakim, you testified that you did not see deposition Exhibit 1 until it was roughly produced to us; right?

MR. JANIS: No, I think he said until yesterday.

THE WITNESS: Until yesterday.

BY MR. LIMAN:

Q Did you ever see any other record that was kept of the capital accounts of the partners of these entities?

A At any time?

Q Yes, sir.

A In the same manner that I already testified to you when we went for check up now and then, and the computer read-outs were given, unless I testified earlier. Those are the documents that I saw in the past.

Q And you say records therefore that allocated capital to particular partners?

A To particular capital accounts?

Q Yes. And do they use the same names, for example, Korel Assets, CTTEA?

A I never monitored that account.

Q And your own capital account was there?

A Yes.

Q Do you know what happened to those letters?

A You are talking about the computer printouts?

Q Yes. The ones that you saw that show the capital at the time you and you said General Secord visited Geneva because of the accounting foul-ups?

A My best guess is they are CSF. I have no idea.

Q Can we get those records? Have you asked for those records?

MR. JANIS: I don't think I made a specific request for those records; no.

MR. LIMAN: If there is any one thing clearly called for originally was the contemporanoous records and they should be produced.

MR. WECHSLER: This indicates January 1, 1984, through -- what is this?

MR. LIMAN: This is a record recently produced where you say the allocations are wrong. The other records may be screwed up too, but we would like to see them.

MR. JANIS: Let me just make this clear. It seems to me from the record that has been produced, you should be able to pick any date and time and figure out---

MR. LIMAN: That may be, but we are entitled to see the records that they kept contemporaneously.

MR. JANIS: Arthur, you are entitled to whatever you can get,and God bless you. I just want you to understand this was not a situation in which we intentionally tried to withhold some of our records. If that is the implication.

MR. NIELDS: The way I see it is this. We understood notwithstanding the fact this document covered the entire period and therefore had to be created at the end of the period, that it reproduced faithfully everything that had -- the interim reports that had been prepared earlier.

The problem is when we asked him about it, he said he didn't know anything about this document, and had never seen it before and therefore couldn't answer about it. Then in answer to Mr. Liman's question, he said he had seen earlier reports.

If his failure to see the document is the reason he can't tell us about it, we would like the reports he has seen.

MR. LIMAN: We would like them anyway.

MR. WECHSLER: We will see what we can do.

MR. NIELDS: There are questions raised about whether this faithfully reports---

MR. WECHSLER: Whether or not they have the other ones, we will ask them.

MR. LIMAN: Do I understand from your earlier testimony while John was out of the room, I want to make sure he hears it, that while you and General Secord inspected the records there you didn't take copies with you at the time?

THE WITNESS: That is correct.

MR. JANIS: One other point so we can make this clear on the record. When we went to what I believe was considerable difficulty to try to piece this puzzle together, and when -- even before we produced the records, we told you that we indicated that notwithstanding our efforts. there might be further requests you make, and to the extent we could, we would try to comply with those requests.

MR. LIMAN: Mr. Zucker, as your client has testified, is not only a friend, but is honorable and I am certain if Mr. Hakim asks him for the records of his accounts that existed contemporaneously, that Mr. Zucker will provide them to your client?

MR. VAN CLEVE: I think as his trustee, he probably would have no choice but to provide the records to his beneficiary.

MR. JANIS: When we know what additional records are required, we will go back and request them.

MR. LIMAN: Let's go on to another subject.

MR. NIELDS: I would like to, before we leave this document, I think this was done off the record -- has it been marked Exhibit 1?

THE REPORTER: Yes.

BY MR. NIELDS:

Q I have given Mr. Hakim's counsel a copy of Exhibit 1. I would request, between the time we recess today and reconvene tomorrow, you look through the entries on that documen and try to, to the best of your knowledge and memory, put yourself in a position to identify which entries relate to profit distributions, which relate to expenses that should not have been put in the capital accounts---

A Excuse me just one moment.

Q Let me finish the question -- and which relate to neither an expense or profit distribution but falls in some other category. Is my question clear?

MR. JANIS: In other words, it is sort of like who knew what and when?

MR. VAN CLEVE: I haven't had a chance to look at this. I notice at the top of each page of this material, it says, document number contra. Is that the intended to mean -- there are no references to Iran anywhere in here, and I just wonder in terms of the comprehensiveness of this document, does that mean all these transactions relate only to the contras?

MR. JANIS: Number one, I didn't create the document. Number two, I think your own accountants would be able to tell you.

MR. LIMAN: Contra means offsetting?

MR. VAN CLEVE: It is not a simple label.

MR. NIELDS: There are plenty of puns in this case and I think we have just found another one.

BY MR. NIELDS:

Q I would like to move now on to the subject of the two different projects that you were working on. I think we can cover anything briefly. Some of these questions were already asked.

I take it you were aware -- you have already testified about the arms sales and the arrangement with respect to the arms sales, but I take it you were aware there was a resupply operation?

A You are talking about the contras now?

Q Yes.

A Yes.

Q The answer is yes, you were aware of that?

A Yes.

Q And the enterprise,so to speak, purchased various aspects in order to run the resupply operation including planes and air strips?

A Yes.

Q Was it your understanding that those assets were committed to the purpose of assisting the contras?

A Yes.

Q Did there come a time when there was an issue about whether those assets should be transferred in some fashion to an agency of the U.S. Government?

A Yes.

Q Was that issue discussed with you?

A No.

Q Well, how did you learn about it?

A My understanding, discussed with me, is that I participated in a decision-making discussion.

Q There was a decision-making discussion you participated in?

A Or planning, decision -- I did not participate in such a meeting, but I---

MR. LIMAN: I don't understand that.

MR. NIELDS: Well, I understand it. He is saying he did not participate in the discussion with the U.S. Government.

MR. JANIS: He is saying if I understand him at this point, that he didn't participate in any discussions in which a decision was made, and that is what he thought you meant.

THE WITNESS: I am saying there were operational people, Dutton and Secord basically, it was their decision, it was not financial, it was either between this political circle or the operational circle; I had nothing to do with it.

BY MR. NIELDS:

Q But somebody talked to you about it, either Dutton or Secord?

A They did not talk to me about it. I happened to be in Stanford Technology Corporation when they were discussing this. When Secord commissioned Dutton to go look into this and prepare a report, I was aware as part of the discussions -- it was not that we had staff meetings, we sat down and reported.

Q What was your understanding of what was going to be done with these assets?

MR. VAN CLEVE: Can we back up a second.

Was any of your money tied up in these assets, any money that you thought personally belonged to you?

THE WITNESS: I don't think so.

MR. LIMAN: Is what you are saying, you overheard discussions between Dutton and Secord?

THE WITNESS: Yes.

MR. LIMAN: And you heard, among other things, they were preparing this---

THE WITNESS: Reorganization.

MR. LIMAN: ---reorganization plan?

THE WITNESS: Yes.

BY MR. LIMAN:

Q Did you overhear discussions whether these assets should be sold or given to the CIA?

A Yes.

Q Tell us what you overheard and who was speaking?

A Basically, at different times I overheard discussion -- between Dutton, Secord and some telephone conversations, and sometimes Dutton addressing me about what he was preparing, and I would very respectfully listen to the part of the discussion I could not escape from, and move out.

Q What was said?

A What was said; that it was a big mess, it took a long time to put these things together, finally we have organized it, finally we know what we got, and they -- I think they provided a copy of a report or a plan, a write-up to, Oliver North.

I also think that when this was happening, Richard was in and out of the United States. I recall phone calls to Richard about how to deal with certain issues.

Q What issues?

A That they had on hand. Reorganization and preparing the report.

Q What about disposition of the assets?

A Everything was, to the best of my recollection, left to the time that Richard could come and sit down and talk to Bob Dutton, and I believe the meeting took place, I was not present, I overheard about the possibility of giving the assets to the CIA. I heard about the possibility of selling it to the CIA.

I heard at different times that the CIA didn't want anything to do with this, saying that this is tainted,

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they didn't want to inherit something that had holes in it or that was exposed.

MR. VAN CLEVE: Who would have gotten the money if the assets were sold to the CIA?

THE WITNESS: I have no idea.

BY MR. NIELDS:

Q This would have been an issue that would make a financial difference to the enterprise, I take it. If you give it away, the enterprise gets no money. If you sell it the enterprise does get money.

A Your assumption is correct.

Q Now, did anyone discuss with you this question of whether you are going to dispose of these assets without any money coming in, or not?

A Asking my opinion about this? No, no one did. I classified that as a political decision, not a commercial decision.

MR. LIMAN: Wait.

EXAMINATION ON BEHALF OF THE SENATE SELECT COMMITTEE

BY MR. LIMAN:

Q From a political point of view the correct decision would be to give it away; right?

A That is correct.

Q But you knew there was discussion about whether to sell it?

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A There were ideas underscored whether they should sell it or not.

Q If you are going to sell it, you are going to -- someone will get money for selling it?

A If they sold it, yes.

Q Who would benefit from selling it?

A You are asking for my opinion, or what I heard?

Q What did you hear?

A I didn't hear anything about who would be getting the money.

Q Did you hear any argument as to why this should be sold rather than given away?

A I recall a discussion that,I believe, it was held in the office of STTGI prior to Bob Dutton going to a meeting, I don't know what meeting, and Richard apparently was not going to go to that meeting, and I recall a statement to the effect, get rid of the damnthing and move on with our lives, just give it to them, let's get on with our lives.

EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

BY MR. NIELDS:

Q That makes it sound as though there were an earlier discussion in which there was a dispute.

A I wouldn't call it dispute. There were different options.

Q Someone was arguing for one option and someone else was arguing for another option?

A I believe so.

Q Who was arguing for which option?

A I cannot swear to this, I can not be certain about this, but I believe Dutton was interested in selling this to the government.

EXAMINATION ON BEHALF OF THE SENATE SELECT COMMITTEE

BY MR. LIMAN:

Q Would you not agree with me that once you tell the recipient that you will give it to him, it is hard to tell the recipient you will sell it to him; right?

A But my understanding was that the recipient did not want to get it in any way or form.

Q But would I be correct in my assumption that the first idea was to try to sell it to the CIA, then when the CIA indicated no interest the idea became, let's try to give it to them, and then the CIA said it didn't want it? Is that the way it evolved?

A Mr. Liman, you are getting me involved in this deeper than I was by asking me these questions.

Q I don't care whether you were deep or shallow, did you know?

MR. JANIS: Let him answer the question.

THE WITNESS: I cannot say Mr. Dutton attended the

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meeting to negotiate with the CIA. He could very well have, to discuss this with North, to sort this thing out and get his opinion.

MR. LIMAN: I asked you about the sequence of the ideas. Was the first idea or concept to try to sell, and then the next one to try to give it away?

THE WITNESS: I don't know that, sir.

BY MR. LIMAN:

Q You just know that both of these things were floating up in the air?

A Exactly.

Q And in the end, because the CIA considered these to be tainted---

A They did not want to have anything to do with it.

Q Was there any discussion about giving the CIA the munitions?

A I don't recall any meetings, discussion or anything that I overheard that particularly directed its attention to that particular subject.

Q Who made the decision to sell the munitions to the CIA?

A I said I don't recall having heard anything in connection with sales or giving away the munitions to the CIA.

Q If you didn't make the decision, then does that

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necessarily mean that it had to be Mr. Secord who made the decision?

MR. JANIS: Excuse me.

MR. LIMAN: I am talking about the million two -- what you called the advanced shipment.

THE WITNESS: I am sorry.

BY MR. LIMAN:

Q Who make the decision?

A I am in a totally different world.

Q Let's talk about the advanced shipment. Who made the decision to sell that as opposed to giving it to the CIA?

A I don't know. If I have to deduct I would say General Secord.

Q You didn't make the decision?

A No, I did not.

Q Is it fair to say there is only one other person who could have made that decision and that would have been him, if you didn't, sir?

A If I could say that all the players were limited to the people that I came in contact with, then that assumption is correct. I don't know.

Q Would Clines have been able to make that decision without General Secord's concurrence or your concurrence?

A I would say that Tom Clines would definitely --

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was definitely in a position to influence the decision.

Q But who would have to make the decision?

A I would say General Secord had to make the decision. What I am trying to say, Mr. Liman, I don't know if it was Mr. Secord who made the decision or North. I really don't know. Because I would classify that as -- I classified it, I was not present in the meetings. I classified that as a political decision. It was very possible that North made that decision.

EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

BY MR. NIELDS:

Q As a businessman, did you understand that you had a personal financial interest in the assets of this resupply operation?

A It didn't occur to me. I didn't look at it that way. I never in my mind psychologically prepared myself there would be a transaction.

To me it was written off. Anything that went to anything in my mind as a businessman, I wrote it off. I did not ever at any time took the attitude that anything that was invested -- I am talking business language -- in Nicaragua could have a return.

BY MR. NIELDS:

Q How about Iran?

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A Could you be more specific about your question?

Q How did you regard the difference between the purchase price on the Iranian initiative?

A How did I---

MR. LIMAN: Did you have an interest in that?

THE WITNESS: Of couse I had an interest in chat.

BY MR. NIELDS:

Q What was the nature of your interest?

A In the difference? You are talking about what period in this Iranian initiative?

MR. LIMAN: Before the second channel.

THE WITNESS: Before the second channel, the focus---

MR. LIMAN: The question is: What was your economic interest in the difference between the cost of these weapons and what you got from selling them?

THE WITNESS: My attitude was that I did not want to kill the rooster with golden eggs. I did not want to---

MR. NIELDS: I understand what he is saying.

THE WITNESS: I wanted to see primarily -- and I will set aside any emotional, untangible feelings about this, I will not discuss it, I will go straight to the tangible, monetary interests of this. That we can discuss over a drink. But this particular one, I had focused for a number of years,

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even prior to the events, to find a way into Iran.

Iran has always been, still is a very lucrative market for me. I intended to make big money out of that market. I still do, and I am continuing with my efforts. And, by the way, I should tell you, unlike what has been reported in the newspapers that have been disappearing for unlawful reasons, I was for five straight months trying to reconnect the business structure that I had lost and was destroyed in Iran by the Iranians,and thank God I had a lot of success.

So for a long time my focus on Iran was there is a $15 billion a year market. Sooner or later I get a chance, and I should get a chance to get a stab at it. So when this first channel was started, I did not focus at the beginning on the profits or mark up in the same manner that we are looking at contras.

I am not saying that I ever let the possibility of making such money out of my mind. If an opportunity would have arrived that I could have done that, I would have done it. I will never apologize for wanting to make money, that is what I am trying to say.

But my main focus was to make sure that a relationship between Iran and the United States is established and I knew once that was one I can make a bundle.

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-- EXAMINATION ON BEHALF OF THE SENATESELECT COMMITTEE

BY MR. LIMAN:

Q In the first transaction, which was a thousand TOWs, you got $10 million from Ghorbanifar, you paid 3-5 to he United States Government, you had some expenses on top of it, so it brought it up to probably somewhere around 4. There was $6 million there. Whose money was that?

A The enterprise. At no time there was a question we were going to split the profits.

EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

BY MR. NIELDS:

Q I want to make this clear. I take it the enterprise also owned the assets of the resupply operation, the airplanes down in Nicaragua?

A At that time if we still had it?

Q Yes, you did.

A Okay.

Q The enterprise also owned the $6 million profit from Iranian arms sales?

A You refer to it as profit. It is gross income.

Q It is $6 million money?

A Okay, fine.

Q Now, you have said that you did not regard yourself as having any personal interest in the assets of the resupply operation in Nicaragua. Did you regard yourself as having

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any personal financial interest in that $6 million?

A Having financial interest meaning that I expected to have part of that?

Q For yourself?

A No.

end jm

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BY MR. LIMAN:

Q If the United States Government decided at that moment in time there would be no further transactions --

A What would be my position.

Q Wait a minute. No further transactions with Iran and you were sitting there with roughly $6 million in gross income or gross profit, what was your position as to whether you could use that money for whatever purpose you wanted?

MR. JANIS: What would have been his position.

MR. LIMAN: Well, at the moment you only have one transaction.

MR. JANIS: You are asking what his position would be --

MR. LIMAN: At that moment.

THE WITNESS: You are saying if the U.S. Government decided to stop, what my position would have been.

MR. LIMAN: They were considering stopping.

THE WITNESS: I'm glad you asked the question in the way that you asked it because it makes it easy for me to answer that question.

If the United States would have made that decision, I guarantee you I would have put up a big fight to get as much as I could from that money before

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letting it go.

BY MR. LIMAN:

Q Let me follow that up. Who would you have had to fight with?

A I would have had to fight with Secord and on up.

Q Who is up?

A North.

Q And what did you understand their position was?

A It never occurred to me.

MR. NIELDS: The question I want to ask --

THE WITNESS: We were not of that frame of mind. You asked me what I would have done, and I truthfully told you that I was financially motivated. If in the middle of my getting involved, forgive me for being so pregnant with the U.S. Government, I was not going to let the U.S. Government go in there before they paid for my efforts. I had a lot at risk and supposed, and I told you over and over that I don't work for medals. Medals are for generals.

MR. LIMAN: You told that to North?

THE WITNESS: I told that to everybody and I used that repeatedly.

BY MR. NIELDS:

Q Whose decision would it have been?

A To do what? It would have been a battle. I would have to see if Secord is going to be on my side or sitting across the table from me.

MR. LIMAN: It would have been some battle.

THE WITNESS: You bet your life.

MR. LIMAN: If you didn't survive it, then under your will he controlled it.

THE WITNESS: I don't believe there was a will then. I don't believe there was a will then.

Mr. Liman, until things become serious, and I told you I consider things become serious when the second channel started, I really did not make an attempt to organize things.

BY MR. LIMAN:

Q Six million dollars is serious money even for you.

A For anybody. I told you if they would have stopped that operation, I would have made every effort that I could, even taking it to court, to take as much money from that money as I could.

Q Did you have any agreement with either North or Secord as to how that money would be used?

A No, none whatsoever.

BY MR. NIELDS:

Q Had it ever been discussed between you and

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Secord or you and North?

A What? How this thing would be used?

MR. VAN CLEVE: The $6 million.

THE WITNESS: It was never -- we were not in that frame of mind. We were not in that frame of mind.

BY MR. NIELDS:

Q Who in fact was deciding how that money would be used? I'm not asking you an "if" question now; I'm asking you a real question.

Who decided how that money was used?

A There was no question in my mind that the engine, the heart of the operation was Secord. No question in my mind that he would have been an influential person making that decision, if not the person.

Q I'm not asking an "if" question. The money was actually spent, some of it, the $6 million. It's not all remaining. It was spent for various things. It was spent for expenses on Iran. It was spent for the contras.

A I understand what you are saying. Secord.

Q It was spent on radios --

A I understand your question now. Secord.

Q How do you know that?

A He was the one who told me what to do with it.

Q Do you know if he was responding to what North

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told him?

A I'm sure that he was communicating with North.

BY MR. LIMAN:

Q Did you consider yourself really Secord's nominee with respect to this money?

A You are talking about the $6 million?

Q Yes. The gross profits, the gross income on these Iranian transactions.

A Did you want me to answer this question as a businessman?

Q As a businessman.

A As a businessman -- would you be patient with me to finish the way I will give you the story or you are going to interrupt me with legal questions?

Q I'm going to listen to you if you're responsive.

A Mr. Liman, I have every, every intention, so God help me, to help this committee. I consider myself a member of a team trying to end with this episode so we can get on with our life. I want to go out there and get money. I want to attack that $15 billion market. I have not given up. So I will do everything I can to bring this thing to an end as quickly as possible.

To me it was a start-up business. We started up the business to attack the Iranian market, and I'm not talking about the political or military aspect of it.

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You are asking me my frame of mind. And I told you earlier that I would not in any way kill the --

MR. NIELDS: The goose that laid the golden egg.

THE WITNESS: Thank you.

So when you asked me the question, okay, Albert, stop, look at this, there's $6 million sitting here; what are you going to do with it? That's not my way of thinking. My way of thinking is, we have this asset, there is a $15 billion market there, if I can get 2 percent of that per year, that's $300 million a year. If I can net out of that 3 percent, I will be making a bundle. That is the way I would be thinking, Mr. Liman.

BY MR. LIMAN:

Q Do you want to answer the question? As I understand, that is the way you as a businessman would think. But with respect to the $6 million and the other mark-up and Hawk parts transactions, did you consider yourself to be General Secord's nominee?

MR. JANIS: Do you understand the word "nominee"?

MR. LIMAN: Agent.

THE WITNESS: I understand the meaning of that. The problem I have is I cannot answer the question because such a thing never was discussed and never occurred.

BY MR. LIMAN:

Q Did you follow General Secord's instructions on how to disburse the mark-up?

A Yes, sir. The answer to that question is yes.

Q And Mr. Nields mentioned to you some of the things you spent it on; whether it was a ship or on Motorola radios, some of the money was also invested for the benefit of you and General Secord. Isn't that correct?

A Today you can reach to that conclusion. Today you can reach to that conclusion. Because the project is aborted, because there is no longer corporate activity, because there is no longer a commander in charge of this covert activity. Yes. The answer is yes. Then it was an ongoing operation.

Q But the ongoing operation --

A Needed to stay alive.

Q The ongoing operation did not include buying a machine gun company, did it?

A The ongoing company did not include -- why not?

Q Well, is that the way that you envisioned it, that you were buying the machine gun company for the enterprise?

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A No. We were buying it for our own benefit, but I don't see the relationship between the two.

Q Didn't you disburse --

A I have difficulty relating the two.

Q Didn't you disburse profits, money -- let me put it that way -- change the question. Did you not disburse money that was generated by the Iranian arms sales to invest in the machine gun company with General Secord?

A I did not classify it or distinguish it as such. I thought I was reaching out for the profits that we had generated from the sales of arms to Nicaraguans. If we dipped into the Iranian money, it was an overdraw; it was a mistake, it should not have happened. I have to consult the records to answer your question. I don't -- I had definitely no intent of reaching into the $6 million pot and making an investment for submachine guns.

Q The $6 million pot is the residual after all of these other expenditures, isn't it?

A What other expenditures? You mean for the --

Q Whatever else you spent it for. The $6 million pot is what is left after you buy a ship, after you send money down for the air resupply operation?

A Did we buy the ship at the time we received the $6 million?

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Q The $6 million is -- we're talking about two different 6 million. The 6 million I was talking about is what is left, and you are talking about the 6 million of the original profit?

A Yes.

Q The 6 million -- the ship you bought I believe after the TOW transaction and just before the money was received on the --

MR. NIELDS: Hawk parts.

THE WITNESS: Mr. Liman, let me tell you what my frame of mind is. I'm still answering or thinking that I am answering the questions related to the first --

MR. LIMAN: Six million?

THE WITNESS: The first 6 million.

BY MR. LIMAN:

Q Let me then go back.

A Okay.

Q There was a gross profit that was made on that first 1000 TOW transaction --

A Through Ghorbanifar.

Q Through Ghorbanifar. Correct?

A I take your word for that. I do not know.

Q Did you not know at the time there was a mark-up?

A How I knew what the mark-up -- there was a

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mark-up, but I did not know what the mark-up was. I did not know what the cost was.

Q I thought that you testified that you and General Secord would visit from time to time to talk to Zucker and to look at the bottom line.

A Yes.

Q And did you not learn after the 1000 TOW transaction that there was a --

A Leftover.

Q -- gross profit or leftover of somewhere in the neighborhood of $6 million?

A The answer to that question is yes. But mark-up, knowing what the mark-up is, I don't know what the mark-up is.

Q So you knew that you had --

A A leftover.

Q -- a surplus from that?

A Oh, yes.

Q And then when the Hawk part transaction occurred in May, you knew there was a surplus there too.

A I learned that too, yes.

Q Now, you disbursed the surplus from these two transactions in various ways, correct?

A That is what the records show, yes.

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Q And those disbursements, as I understand it, were at the instruction of General Secord?

A Effectively, yes.

Q And among the things that you bought were a ship?

A Yes, sir.

Q Some planes.

A Yes, sir.

Q You sent some money down for the airlift operation?

A Yes, sir.

Q You bought some munitions?

A Yes, sir.

Q And you also used money for some investments, correct?

A Out of the total moneys that were left over there, including the profits that we had accumulated from the sales to the contras.

Q Is it your testimony that you believed that all of the money that you disbursed for your benefit, Mr. Secord's benefit and Mr. Clines' benefit came from the profits on the sales of arms to the contras and none of it came from the sales of weapons to Iran?

A First of all, I would like to get Mr. Clines out of this. I had nothing to do with his profit sharing, and he was not part of the group.

To answer your question, I never stopped to make the differentiation whether this was the case or not. The business opportunity came about. We had money. I reached in there, paid for it and never made an accounting for that. It's very possible that some of the money from the Iranian sales was used for that purpose.

Q Did you feel that you and General Secord were free to use the money that was generated by the Iranian arms sales for your own business purposes?

A To a certain extent, yes, I did. To the extent that I thought that sooner or later I would be entitled to some income from my efforts for this covert activity, I thought we were free to do what we wanted. But I never felt free to completely use all the money, and I'm talking about that period of time.

Q You couldn't use all of the money.

A I did not feel free. Technically, I could. I'm saying, you asked me a question, if I felt free. You are talking about my conscience, my frame of mind when you say free.

Q Did you understand that if you took the position that you were going to use all of the money for profit-making ventures of yours and General Secord that Oliver North might stop using you as the intermediary?

A He didn't have to stop using us as the intermediary. That would be automatically stopped. If he did that, that was it. The operation would not have continued.

Q Why?

A We had no money to operate from.

MR. NIELDS: You had no money when you started, did you?

MR. JANIS: It's hard enough to answer one question. This is a tag-team battle here. Give the guy a break.

MR. NIELDS: I'm going to ask the next question anyway just for fun.

EXAMINATION BY THE HOUSE
SELECT COMMITTEE

BY MR. NIELDS:

Q In each transaction the purchase price was paid into your bank accounts before the U.S. Government was willing to ship the arms. So each transaction could be completely funded out of the purchase price that was received for that transaction. Isn't that true?

A That is true. And the U.S. Government never shipped before you got paid.

Q Then why would you need any residue in those bank accounts in order to do the next transaction?

MR. JANIS: Just a minute.

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MR. LIMAN: Off the record now.

(Whereupon, at 6:00 p.m., the deposition adjourned, to reconvene at 1:00 p.m., on Sunday, May 24, 1987.)

end emm #8A

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DEPOSITION OF ALBERT HAKIM

Sunday, May 24, 1987

U.S. House of Representatives,
Select Committee to Investigate Covert
Arms Transactions with Iran,
Washington, D.C.

The Committee met, pursuant to call, at 1:20 p.m., in Room H-139, the Capitol, with John Nields presiding.

On behalf of the House Select Committee: John Nields, George Van Cleve, John Fletcher, Joseph Saba, Robert Brink Ronald Points, Nicholas Wise.

On behalf of the Senate Select Committee: Arthur Liman, Cameron H. Holmes, Timothy Woodcock, Louis Zanardi, David Faulkner, [redacted], Paul Barbadoro, John Monsky.

On behalf of the Witness: N. Richard Janis, Lawrence H. Wechsler, and Clement R. Gagne, III; Janis, Schuelke & Wechsler, 1728 Massachusetts Avenue, N.W., Washington, D.C. 20036.

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MR. NIELDS: Let's go back on the record.

Mr. Janis has something that he wants to say as we begin.

MR. JANIS: Just to amplify the record, I spoke to Mr. Liman and Mr. Nields just before he resumed today just to alert them again that with respect to the stranded shipment, I think that it would probably be prudent since to some extent Mr. Hakim was speculating about the numbers, it would probably be prudent to try to relate the total amount paid -- let me try to put this another way.

We had assumed that the totality of the last shipment was represented by the $1.7 million paid to Defex in July. I reviewed the records again last night and I noted that there were payments in late May to Defex totalling something like $800,000 or in that ball park, and I had assumed and it may be a correct assumption, that those payments had nothing whatever to do with the stranded shipment in which case the speculation would seem to be correct that Mr. Hakim made yesterday.

But I think before any final conclusion is reached, you all, with the statements you have, or somebody, should try to go back and determine whether the payments made in May 1986 to Defex did or did not relate to that last stranded shipment.

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I think that would be useful for everybody's purpose.

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MR. NIELDS: That is fine. We appreciate the statement.

I guess I should probably just add for the record that we have seen those same payments to Defex and we would note that there were other 30-30-30-10 distributions to the partners following those May payments to Defex.

MR. JANIS: And we figured the record would be made. The truth will be the truth and whatever comes out comes out. I just wanted to be sure that was pointed out.

MR. NIELDS: Okay. Good afternoon, Mr. Hakim.

Whereupon,

ALBERT HAKIM

having been previously duly sworn, was recalled as a witness herein, and was further examined and testified as follows:

THE WITNESS: Good afternoon, Mr. Nields.

EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

BY MR. NIELDS:

Q We are continuing, of course, the deposition that began on Friday and continued over to yesterday. As we broke yesterday, we were on the subject of what your understandi was with respect to the profit or surplus left over from the sales of arms to Iran. Just to sharpen my question -- because we very much want your help on this issue and it is a very important issue to the committee -- the United States Government chose to use a commercial cut-out in connection

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with these sales to Iran and I take it that was your enterprise, yours and Mr. Secord's enterprise?

A That was the terminology that Mr. Secord used.

Q Right. And the United States Government chose in that connection to sell the arms at $25 million, that would be the first TOW shipment of a thousand TOWs and the Hawk spare parts that were shipped in May, and it was done in such a way that the United States Government accounts received eight million of that 25, and the commercial cut-out received 17 million.

Of course, there were certain expenses to be paid out of the 17 million and they were paid out of it according to Mr. Secord's testimony and the question which interests the committee and it is a very important one and anything you can do to help us with this would be very much appreciated is, why did the Government choose to structure the transaction in such a way that there was a many million dollar surplus left in the enterprise account?

MR. JANIS: Off the record.

(Discussion off the record.)

BY MR. NIELDS:

Q Eight million to the U.S. Government, 17 million ended up in Lake Resources account. My question to you, my first question to you is, and as I say, this is a very important question to the committee -- anything you can do to help shed light on this question would be much appreciated by the committee -- why did the Government choose to structure the transaction in such a way that there was this many million dollars surplus in Lake Resources?

(Witness conferring with lawyer.)

THE WITNESS: Mr. Nields, I recognize the importance of the question that you are asking. I have been in many different ways trying to ask the very same question for myself and try to find it best answered that I come up with at least to satisfy my own mind, so I would be prepared to answer the committee's question or in this deposition your questions, I believe yesterday we made some progress when this line of questioning finally was led tc what was the enterprise.

I believe that is where we broke off yesterday when Mr. Liman tried to understand what was the enterprise and I left the meeting of yesterday this question on my mind and on the mind of my attorneys and we tried for the millionth time -- I am exaggerating, of course, too -- to go over the same question working very hard to understand what this all means.

With the help that indirectly was given to me as a result of the deposition and with the cooperative effort that I have been noticing in these depositions, that there really has been an effort to try to sharpen the questions and focus on the bottom line and I learned quite a bit over the past few days, finally last night I tried to restructure all these events in different form by going to very basic issues and try to in my mind at least solve this complex situation and I came to the conclusion that I can continue to be cooperative, I can continue to be truthful and at the same time I can give you answers that would be contradictory and all this is the result of the original design of this activity.

I was told -- and this is not my opinion -- I was told by General Secord that we are getting into a totally private endeavor on behalf of the U.S. Government for both the Nicaraguan initiative and the Iranian initiative.

The past few days we have sorted out this situation of the contras. We haven't gotten deeply into the situation of the Iran and there is -- at least my understanding is that we still don't have an understanding of what the enterprise is.

So here I am a businessman, his business partner, who had sensitive, very sensitive positions in the U.S. Government for whom I have a lot of value and for whom I have a lot of respect. He has a remarkable track record. This is important. I am not trying in these testimonies to build him up. I am trying to give you my state of mind.

A man comes with such a background to me and then he tells me that we are going to -- we are going to start a covert activity on behest of the United States Government approved by the United States, the President of the United States.

Okay. I make obviously no apologies that I may have jumped into a lot of conclusions as a result of that statement, but my understanding was that we are going to get the support of the United States Government and go into this as a private company, private individuals and do transactions as it is conventional and normal.

That was how the whole thing was set forth to me and that is how we got started.

Then as we got deeper into this, I started to see things that, you know, started not to make sense in the mind of a conventional businessman. I saw General Secord playing a very important role in this. I saw the result of his decisions.

I saw the result of his judgments. I saw the number of times that Mr. North consulted with him.

So I saw the man has importance in this whole operation. Then at the same time I see that there are times that Oliver North becomes, if not as important, if not more important, but definitely very important in our operation.

So I am sitting back looking at this thing and totally relying on my trust in General Secord and his comprehension, understanding, experience with the U.S. Government and totally trusting him and I continue to trust him today, that he understands this complex U.S. structure, the government structure, better than I do, so my partner, my friend, is in there, I trust him. He knows, so I am not going to bother with this. All I know I am a businessman and I am supposed to run things as a businessman does.

So then at the same time I see conflicting approaches. I see -- to give you an example, Oliver North wants to much money for the contras and sometimes he gets it, sometimes Richard says, well, we cannot afford it. We got to keep the enterprise going.

It is a question in my mind, but I don't consider it to be my business. I will do what I have to do.

BY MR. NIELDS:

Q I want you to continue, but before you do, were you present during these conversations in which North asked for money to be spent for the contras and Secord refused?

A I don't really recall. I am not -- in this context, I am not focusing on that. But I am talking about my knowledge of things.

I really didn't come to get to know or even meet Oliver North until this February meeting in Frankfurt, so

I was not present in any previous meeting prior to that; I did not even know of North until I met him in Germany.

So if you will be patient with me and leave that for a different line of questioning, I can -- I am trying to find a common understanding here so we would not waste time and god forbid put myself in a situation that the Members present here would think that I am trying to contradict myself.

I am trying to say that I could be truthful and I could answer the questions and yet they might be contradictory because the whole structure put together was in a very unconventional way.

Here I am told this is a private organization and I learn now that they structured it in such a way that the Government had to have participation in it and then the Governme was not supposed to have participation in it.

We were supposed to keep the interests of the Government in mind and then we were supposed to go around the Government. You know, these issues did cross my mind, but I told myself, Albert, you got this General more than half-a-century old -- please never tell him that; he is very sensitive to his age -- he has been with the Government so many years, he has been involved in such sensitive projects, who are you to question this? Either you trust Richard or you don't trust Richard.

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If I would not have trusted Richard, I guarantee you for no money in the world I would have participated in this activity because I can make money by spending less effort than I have spent in this covert activity.

But I got into this for a lot of motivations and I differentiate between motivation and reward. I would like you to go on the record with that. I hope time would allow so I can describe this issue.

So I am left still with all these questions in my mind outstanding, Mr. Nields. So when you ask me whose money is this, what I could do with it, I am sorry, I have to give you a Jewish answer and that is to ask you a question instead of answering your question. Being a Jew, you know, I can afford doing that.

So my question is, you are asking me whose money was this. I am asking you, whose enterprise was that? Was it a private enterprise? Was it Government enterprise? Was it a joint venture?

If it was a joint venture, where are the documents describing the relationship? Who were the people who were supposed to control the activities?

Why didn't they control the activities? Why did they let me go -- you know, nothing was done in bad faith in my operation, I guarantee you. Nothing was done in bad faith in CSF's operation.

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I guarantee the honesty of all the people that I brought into this. But you know, trust is one thing, control is another thing.

The thing started,with all due respect, in a sloppy manner, and got sloppier as we went into this and now here after the facts I am sitting in front of you and you want me to go back and analyze all these events and be precise in my answer to your very important question.

I try to give you as many answers as I can, but I want to warn you that they may sound contradictory, that is not my intention, I am trying my darnedest, like I said yesterday and the day before, to help you as part of your team.

I am looking at this as a team effort. So we can get to the bottom of this thing quickly so we can get on with our life. I am a bottom line man. I have to go there and do business.

Here I am not making any money spending my time testifying.

So I have again financial motivation to get to the bottom of this thing as quickly as possible.

I want to make sure that you all understand all these outstanding important questions in my mind and I am afraid when you sum up all the various answers that I will be giving you if you would continue to trust what I am telling you,

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you would end up with one answer -- I don't know.

Q That was the answer I was taking you to give.

I take it that that is the answer to the question whose money was this surplus?

A I don't think that is a right question to ask, Mr. Nields. I don't think there is one answer to that question. I don't think there is going to be a situation that you can classify things in the form of black and white. There are going to be a lot of grey areas. I believe that this bad architectural work that was done from the conception of this thing --

Q Your first speech was very helpful and I don't want to stop you from making another one, but I don't want to hear the same speech again. I take it the bottom line is, your answer is, as you said, you don't know?

A I don't know.

Q All right.

A It is not --

Q Did anyone ever tell you --

A -- whose money this was?

Q Yes.

A My understanding was that this money belonged to our private enterprise. That was my understanding. That was what I was told at the beginning, that is what I continued to assume. Today I am confused.

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Q Who told you that?

A General Secord.

Q Did you ever talk with Oliver North about it?

A I did not get to know Oliver North as I testified earlier until the Frankfurt meeting and I did not become close to Oliver North until we got into the second channel, so my involvement with Oliver North really in a substantial way did not occur until September and on into October.

It was a short encounter but very -- but under intense environment. We became extremely close. I had to learn about him because he effectively was my client and on the other hand the Iranians, so I had to learn about him as quickly as possible.

So the bottom line is I don't recall having had such a discussion with Mr. North.

Q You have said that in some ways you were told and you understood that this enterprise was private to get around the Government, and in other ways it was responding to the direction of the Government.

A That is my interpretation of it. It is not that they came and told me, Albert, we want to get around the Government and therefore we have architected this activity.

That was my understanding, that is the U.S. Government is employing the services of the private organization and private individuals to perform a covert activity.

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Q What was your understanding of the reason why the United States Government chose to employ a private organization to perform this covert activity?

A What was my understanding?

Q Well, were you told the reason?

A I cannot recall ever it was told to me in a clear way, but I took it for granted that they could not do it through their normal channels. They had not succeeded to do it through their normal channels and they needed the help of the private sector and this was not unusual for me. I have seen signs of that in the past.

I really didn't focus very much on that. I heavily relied on General Secord to understand the U.S. Government. I don't consider myself an expert in the subject. I left all that very much to him.

Q What was your understanding of the things which a private enterprise could do that the Government had not been able to do?

A In connection with the contras, my understanding was that the U.S. Government could not support the contras, but private individuals could.

Q You mean they couldn't do it legally?

A Well, of course, yes, I take it for granted that the U.S. Government would not do anything illegally as a government body.

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So that, yes, is what I am saying, that the laws were such that it did not allow them to do what the President wanted to do.

Q Okay. How about with respect to Iran?

A My understanding with regard to the Iranian affair was a little bit different. My understanding was not that the government wanted to go around any part of its structure. My understanding was that it was important for them to establish relationship with Iran and I very much subscribed to that policy, and I am also personally aware that there was no policy with regard to establishing a relationship with Iran and the reason I am aware is because I did try prior to my involvement with this re-establishment of relationships, many years before that, I approached the son of that Shah of Iran and I spent a lot of time, money and effort to see if I could sort of bring him around to get close to the U.S. Government so we could do something about Iran and this goes back maybe a year or two after the revolution and as a result of that activity I learned in more than one way that the policy, foreign policy was not to have a policy. So my understanding with regard to the Iranian initiative was that taking everything into consideration, including the situation in Iran, by the situation in Iran, meaning that there were a number of factions, the information about the movement of the Soviet Union, the ap[illegible] [illegible] be made from various

U.S. Government officials and ex-officials, that slowly there was a desire on the part of this Administration to do something about this and the best way to approach this was not to get Iranians panicky with them not having trust in us and us not having trust in them, try to start with this in a low key manner to see where it ends.

That was my understanding.

Q Why was a commercial cut-out important in doing that?

A What is my opinion?

Q First of all, were you told anything at the time?

A No, it sort of -- one thing led into another. When I say one thing led into another, we are here doing the contra thing and all of a sudden I am called, "Albert, your help is needed, be there in less than 24 hours."

I happened to be in Geneva -- "I will tell you what it is when you get here. I cannot talk about it."

I get there. They tell me I have to all of a sudden become the President's interpreter.

MR. LIMAN: Could we stop for a moment on this because, for the record, I think that it is critical.

Mr. Hakim, I know, is not a professional witness, but it is important to differentiate between what is an understanding, which you can get from any number of ways, and what you were told. So when Mr. Nields says what were you told, you know, the answer is I was told this, or I wasn't

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told anything, or I don't remember, because when we get to general understandings, I am concerned that they can be grossly unfair to people in that they can be your interpretation not intended by a particular individual, but to the listener. I am sitting now away from John listening very carefully.

To the listener, it can sound as if you were told something. So I do think that -- you know, we don't have a judge here, there is no judge in the hearings either, but it is important to listen to John's question and when he asked were you told something, to try to answer it directly.

MR. JANIS: Just a moment.

(Witness confers with his lawyer.)

MR. JANIS: Okay.

THE WITNESS: Mr. Liman, I appreciate your explaining to me. I understand.

Mr. Nields, could you please repeat your question so I will try to answer the question in a manner that is --

BY MR. NIELDS:

Q My question is what were you told, if anything, about the reason for using a commercial cut-out in the Iranian transactions?

A I don't recall that I was told anything at the early stages of my involvement.

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Q Were you told something about the reason for using a commercial cut-out on the Iranian transactions at a later

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time?

A Yes.

Q When?

A When I was requested to open a second channel.

Q Who told you?

A General Secord.

Q And anyone else?

A He started it. There were a lot of follow-up phone calls by Oliver North.

Q What did General Secord tell you?

A That my, Albert's assessment, was correct, and the Ghorbanifar channel was not getting where they wanted it to get. They had a lot of disappointment and without -- I underline this was repeatedly discussed and made known to me, that without losing the first channel they wanted to create a second channel, test it, make sure it is viable and reliable before they abandoned the first channel.

Q What were you told, if anything, on the subject of why a commercial cut-out was being used?

A That was not even an issue. I was told nothing.

Q So at no time were you told why a commercial cut-out was used in connection with the Iranian transactions?

A The -- in the light of what Mr. Liman explained, the answer is no one told me.

MR. LIMAN: John, could I see you one second?

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MR. NIELDS: Sure.

(Discussion off the record.)

BY MR. NIELDS:

Q Where were we? Do I have a question pending?

MR. WECHSLER: I believe you asked the question, so you were told nothing, and he agreed.

THE WITNESS: I think I answered your question.

MR. LIMAN: I waited for the answer and then interrupted.

MR. NIELDS: Okay. Fine.

BY MR. NIELDS:

Q What were you told about why you were being used -- you and your Swiss accounts?

A I am afraid I don't understand the question.

You are still on the Iran initiative?

Q Yes, on the Iranian transaction.

A On the Iranian transaction and the question is why I was used as -- I was not told that either.

MR. JANIS: Can I have a moment here?

(Witness conferring with his lawyer.)

MR. JANIS: Can we take a minute here?

MR. NIELDS: Sure.

MR. JANIS: I mean the three of us?

(Discussion off the record.)

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2:00 p.m.

THE WITNESS: I understand why we are having these miscommunications.

BY MR. NIELDS:

Q Let me just ask you some other questions, if I may. The Iranians I guess represented by Ghorbanifar paid the money for these arms sales into Lake Resources?

A Yes.

Q Now, there was, I take it, a CIA account in Switzerland, and my question to you is if you know, why didn't the Iranians simply put the money into the CIA?

A I don't know.

Q Did you ever talk to anyone about why it was that a private party with a private bank account in Switzerland was used to receive the purchase price for these Iranian arms?

A I don't recall such discussion.

Q The record is clear. You don't recall any discussion as to why it was that your Lake Resources account was used to receive the monies rather than the CIA account?

A That is correct.

Q What was your understanding?

Let me ask you even a simpler question. Did you have an understanding as to why your system of bank accounts was being used to receive the money?

A The best way to answer that is that I [illegible] speculation. I speculated why all of this was happening, and my speculation also was in line with my logic, and also with my philosophy towards dealing with Iran, and that speculation was only through business channels can you penetrate into the Iranian system.

Q You have repeatedly characterized the transaction, the transaction as covert.

A Yes.

Q And you have also explained to us the manner in which you used the various bank accounts for confusion purposes?

A Yes.

Q Now, wouldn't it be fair to say that it was your understanding that one of the reasons Lake Resources and your accounts were being used ~~where~~ were in order to make it more covert?

A That is a reasonable conclusion.

Q In other words, it would increase the difficulty for someone to detect what was going on in these transactions?

A Without a shadow of a doubt.

Q And that that was your understanding as one of the reasons why your Swiss bank accounts were being used?

A By then it had become part of my life. It was a fact I never questioned it any more in my mind.

MR. JANIS: What is the answer to his question?

THE WITNESS: Yes.

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BY MR. NIELDS:

Q Here is the second question I want to ask. What was your understanding of why, in using your bank accounts in furtherance of making the transaction covert, why there was left so much money in your bank accounts?

A Your question is, if I was told or what was --

Q The first question is, why you were told. Let me sharpen the question. $25 million came in, maybe 1.5 were paid out in expenses, why wasn't all the rest put in the CIA account? First tell me if you were told the reason, and if the answer is no, please say so.

A I don't believe the answer is no, because I recall statement, most probably from General Secord, possibly also from Oliver North. I cannot be certain about that, that it was going to be a source of income for the contra effort.

Q Were any other reasons given to you?

A Not that I can recall.

Q Were you ever told that one of the reasons was so that you or Mr. Secord could profit personally?

A At a certain point in time, yes.

Q Who told you that?

A Mr. Secord.

Q When?

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A When I became more involved in the activity.

Q That is in the second channel?

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A No, even prior to that, I did perform other functions in the first channel, nothing substantial, outside of the very important first meeting in Frankfurt, but the issue was discussed at one point there would be also profit to us.

Q I want to make sure first I understand at what point.

MR. JANIS: At what point was it discussed?

BY MR. NIELDS:

Q Yes. At what point was there discussion?

A I believe towards the end of the life of the first channel, so that brings it to I would say sometime around August of 1986.

Q You discussed this with General Secord?

A Yes.

Q Did you discuss it with anyone else?

A In that time period, no. In September, yes.

Q Who did you discuss it with in September?

A I discussed that in a meeting where the Iranian representatives were present. General Secord was present, George Cave was present, obviously I was present, and I discussd that openly with all of them.

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Q Was Oliver North present?

A Yes. George Cave was present, and if I remember correctly, as a matter of practice, Oliver North always carried his briefcase that was equipped to record the discussions

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of the meetings that he wanted to record, so I would be surprised if there is no such tape. I understand the impression that the whole series of discussions we had, and I remember it was a Saturday, because this took place in the offices of Stanford Technology Corporation in Vienna, in our conference room there, and so, I believe there should be a recording of that meeting. I was told --

Q Did you discuss this subject at any other occasions that you can recall?

A Yes. The subject was discussed in almost every meeting that we had that both the representatives of the Iranian Government and the U.S. Government were present, because I had people who had assisted me.

The reason it came up all the time, Mr. Nields, was because I was under pressure by a number of people that had helped me to open the second channel. For them, they wanted to know where they were standing financially with regard to this, and so I had to bring the subject up at every meeting, and in every meeting I was promised by both groups that they recognized that I am in this for financial benefit, and they will deal with this at a later date, and that was sufficient for me, esepcially when the Iranians also confirmed that this is quite common.

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It is not the case at all, but very usual that when you get involved in a transaction that all parameters are not

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know, you leave it for the times that things are known. You deal basically in trust, and settle things up when the issues are more tangible, so I was promised that this issue would be dealt with.

I communicated that to the other people who had interest in this venture. I kept them quiet, but they continuously badgered me with where they stood. I came back to -- each meeting was repeated.

Q I jumped ahead of myself. I want to get back to this in greater detail, but you said you had a conversation with Secord in August on this subject, and you have not yet described that conversation.

Why don't you describe that conversation?

A I have to back up. I am reconstructing the events in my mind. I have to back up maybe a month. There was a lot of effort on my part during the month of July to arrange the meeting between what turned out to become a second channel, and the American group, and we had difficulties in coordinating the meeting because of the Oliver North schedule.

He had a very tight schedule, and he wanted to participate in this evaluation meeting, I referred to it as an evaluation meeting.

MR. JANIS: Excuse me.

(Witness conferred with counsel.)

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BY MR. NIELDS:

Q The Brussels meeting is sometime August 28th.

MR. JANIS. Just for the record, while we were off the record, Mr. Hakim was trying to reconstruct events in his mind so he could be as accurate as possible. Mr. Nields, I think as I recall the question outstanding was what was the substance of the first conversation he had with General Secord regarding payments; is that correct?

BY MR. NIELDS:

Q Yes.

A I think that it was early August when I discussed the subject of financial participation in the Iranian initiativ with General Secord, and General Secord's response was that if he were going to be successful to make a smooth transition from the first channel into the second channel, we can benefit from the total initiative.

Q What did you understand that to mean, that you could benefit from the total initiative?

A I understood it to be one project that was going back and if you could come in and cure this and make this good, then we were going to be entitled to the benefits derived from the total effort, total project.

Q Does that mean including the benefits that had alread been derived?

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A I didn't focus on it in that manner.

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Q I am not sure I am understanding you, Mr. Hakim. Are you saying that what Mr. Secord said to you in substance was simply that if you were successful in developing a second channel, there would be something in it for you financially?

A Effectively, we would be replacing Ghorbanifar, and we are going to be the people that are going to go in ~~betwe~~ between the two governments. That was my understanding, and we are going to benefit from the venture.

EXAMINATION ON BEHALF OF THE SENATE SELECT COMMITTEE

BY MR. LIMAN:

Q Who is the we?

A Richard and I.

EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

BY MR. NIELDS:

Q Did he indicate to you at all in what way or in what amounts you were to benefit?

A No. It was very vague.

Q Simply that there would be something in it for you financially?

A Yes.

Q And something in it for him?

A I might as well put this thing to rest once and for all. My understanding at all times was that I was not, or at least in my mind, I never separated myself from my partner.

Q Your partner being Secord?

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A Secord. As a result of my culture, my association, all these things, in my mind --

Q You were 50-50 on all these transactions?

A That was my interpretation of things, and that was my understanding at all times.

Q Was anything further said during this conversation in August with Mr. Secord?

A Not that I can recall.

Q I interrupted you as you were describing the various conversations that you had in joint meetings with the Iranians, North and Secord, and Cave. Could you just tell us again what was said on the subject of your financial remuneration?

A The way this thing worked out, the other individuals that had helped to open the second channel, they managed to come to the places that we held our meetings, but not staying with us or participating in the meetings, but being present in that city, and at the end of each official meeting that I participated, in the evenings I was questioned, what is happening to us? They wanted to know if in the discussions we had reached agreement clarifying their position, and this was not done. This was discussed in Frankfurt during a couple of three meetings that we had there, I don't remember how many meetings.

I believe there was a meeting in Meintz, if I am correct, Germany, or a city similar to that. We had meetings also in Geneva, but I don't recall whether the issue of money was discussed then or not. I cannot recall that, because I don't remember those associates of mine being in Geneva, but it was an outstanding issue, and each time I had people sitting and waiting for me to come up with some sort of an answer as to when, how much, how they are going to be compensated, and I tell you, these people are not people that one likes to fool around with, so I tried to get an answer from the two members.

I felt uncomfortable. These are representatives of two countries sitting there trying to establish this very important relationship, and I had enough imagination and self-confidence that somewhere along the line, in the future, I would be making a bundle of money, but at the same time, I am being harrassed by these people, and I have to come in and I cannot tell especially the Americans, "Hey, guys, my life is at stake. Come on, tell me."

Q I want to make sure I understand this picture correctly. The people you say who were not at the meetings were people, private citizens, who were helping you establish the second channel, is that it?

A I would best say that private citizens were involved in there, too.

Q There were private citizens and other people who were

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not Americans who had helped you establish the second channel.

A And who could possibly --

Q Is that correct?

A Yes.

Q And they told you they darn well wanted to be compensated if the transactions went through?

A To put it lightly.

Q And in meetings with officials of the United States Goverment and the Iranian Government, you told both of them that you needed to be compensated in some satisfactory fashion.

A It got to a point that it was beyond that. That was understood, and they all agreed. The question was how much, when and how.

Q What was said on the subject of how much? First, let's just establish who these representatives were, at least from the American side. Is that Mr. Cave and Mr. North?

A And, you know, we were taking into consideration my earlier explanation about the enterprise, I would like to also include General Secord in there. I want to go on the record here with all due respect, and I mean this sincerely, my guarantor for all these things was Richard Secord. That was the only guy that I could rely on to make these promises good.

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I did not ever find myself in a position that I coul go with an invoice in my hands to NSC and say, gentlemen, you owe me this much. I never had that understanding.

Q So, you wanted Mr. Secord's commitment, and you also wanted this raised in the presence of Mr. North and Mr. Cave?

A Yes, and the Iranians.

Q And the Iranians, and you raised the subject in the presence of all of these people, and they agreed that you would be compensated in some way?

A Yes.

Q Then you raised the subject of exactly how, when and how much?

A Right.

Q What was said on that subject?

A It was left to further developments of the relationship. We were going through a very, very difficult and intense time. We really were. I could understand why they could not give me an answer. I was very sensitive to that. I was involved in the discussions.

Q But I want to make sure that -- it was left uncertai but you were told that one way or another, you would be compensated in a way satisfactory to you and the people sittin outside?

A Exactly, but you must recognize the time frame in al this. All these are happening in the time frame of October-

November.

Q Understood.

A And partially in September.

Q I take it you were aware that there was to be a difference between the price paid by the Iranians into your Swiss bank accounts and the price that would be paid out of your Swiss bank accounts to the CIA?

A Yes.

Q And I take it it was not said during those meetings that you will be compensated by being able to keep this difference?

A I don't recall such a discussion at all.

Q Would it be fair to say, then, that it was not clear during those discussions that that difference would belo to you?

A That would be fair.

Q And I take it by reason of the fact that you explicitly discussed the subject of compensation for you with Mr. Secord in August, that it was not your collective understanding previously that the $17 million differential on the first two transactions was to go to your personal benefit or his?

A That is fair.

Q Did you ever discuss any reason for this $17 million differential, other than use for the contras or use for your personal benefit?

A Expenses.

Q Anything else?

A The issue of self-insurance came about sometimes. I can't recall the exact presentation of this thing, but the bottom line was that Richard said that you never know what Ollie would need next.

Q And I take it at one point Ollie needed a ship and you used the money to buy a ship?

A Yes.

Q And at one point, Ollie needed Motorola radios and you used the money to buy Motorola radios?

A Yes.

Q And I take it at one point, he wanted some money for DEA agents in cash, and you used it for that purpose?

A Well, I don't know whether he initiated that. Richard told me that such-and-such people will come to you and give him so much.

Q But it wouldn't come as a surprise to you to learn that that also was originated by Ollie North?

A I would be surprised if it didn't.

Q And so, is it fair to say that it was your understanding North wanted the money used for the contras, he wanted the money used for the boat, he had money used for Motorola radios, money used for the DEA and of course, [redacted]

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he needed to use it on expenses for Iran and for the reserve insurance.

Is it fair to say it was your understanding that during that period of time, that this differential, surplus, profit, whatever we call it, was being used and was to be used at North's direction?

A This is what I tried to explain earlier. Everything that you mentioned are the examples of these contradictions, yes.

Q Is the answer yes?

A Yes.

Q Was there ever any discussion with Secord or North to the effect that North affirmatively wanted a pool of money available to him in Switzerland for any use that might arise?

A I understood --

MR. JANIS: You are asking him if he was privy to any such conversations or if he was told of any such conversations?

MR. NIELDS: Both.

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BY MR. NIELDS:

Q Let's do first whether he participated -- I am really asking whether that was ever told to him either by North directly, by Secord, or by anybody else?

A The answer is yes, it was told to me by Secord.

Q I am going to move to another topic.

MR. LIMAN: What was he told?

BY MR. NIELDS:

Q Yes, what exactly were you told?

A That we need to stand on our own feet. It has to be a self-sustained enterprise. We cannot rely on any other income, so we have to build up a financial backbone.

Q And what did he say on the subject of the financial backbone being there because North wanted some money available to him for whatever needs might arise?

A Also.

Q He said that?

A Yes. Not in that meeting, but you know, when you add this up, and I am sitting here in front of you today, when you package it, the answer is yes.

MR. JANIS: What he wants to know is as specifically as you can recall, did Mr. Secord ever tell you that North told him that he wanted a pool of money available for North to be able to use for whatever purposes he wanted?

THE WITNESS: Not for whatever he wanted, but it was very definite about the contras.

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MR. JANIS: So the answer is yes, Secord told you North had told him he wanted money to be available in a pool to use for the contras?

THE WITNESS: Yes.

BY MR. NIELDS:

Q The next question is did he ever go further and say that North wanted a pool of money available for whatever needs might arise?

A You know, I have to refer to my earlier answer.

Q It was used for those --

A It was known to me that North may have other needs. It was not an outstanding issue that needed to be clarified.

Q So, what Secord told you in effect was affirmativel that North wanted money available for the contras, and then he said at some point or another there is no telling what else North may want to use money for, is that correct?

A I testified to that earlier. That is correct.

MR. LIMAN: John, has he defined what enterprise is as he uses that term? I wasn't here the first day, but I have heard the term "enterprise" yesterday. I heard it again today.

MR. JANIS: As I recall, the first day we got into that as a system of companies that he made available, but if you need to go over it again --

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THE WITNESS: I think we went into that quite heavily, and even referred to the chart, explained the purpose of it.

MR. LIMAN:

I know the entities that make it up, but you use the enterprise in the sense of a group of companies that have a particular objective.

MR. JANIS: I think the enterprise has entered the English language in a colloquy which all senses --

MR. NIELDS: I take it this is a term he may not have used at the time but is using it now after listening to Mr. Secord's testimony.

MR. JANIS: I think everybody in the country is using it now.

THE WITNESS: The answer to your question, Mr. Nields, is yes. I have no other terminology to use to describe this strange animal.

BY MR. NIELDS:

Q This wasn't a term that North used in your presence

A I don't think even Secord used it in the past. If anybody would have used the name in the past, I would have asked a lot of questions, as a businessman. They didn't use it. They were not specific.

Q When we broke yesterday, or maybe not when we broke yesterday -- Arthur, has this been satisfied? I think it is covered -- when we broke, or sometime yesterday, I asked you to take home the ledger. Not the ledger, not the full ledger, just that part of the ledger which has been marked

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Deposition Exhibit 1, to see if you couldn't review it, that you could put yourself in a position to tell us what various enterprises in the ledger represent, and I would like to turn to that now and I put in front of you a copy of Exhibit 1, and I would like to begin with the page headed Albert Hakim, which is page h. 964.

A I approach it the same way, Mr. Nields, skip over the first four or five pages, and started to try to analyze as much as I could these figures.

Q I would like to just go through them items by item, and have you tell us what you can about each item. The first one is a February 18, 1985 cash withdrawal in the amount of $5,000. What does that represent?

MR. JANIS: Can we, as ground rules, I think it would be easier, I assume that you want him to testify whether he knows or even if he can speculate, is that correct? If he can specualte you want him to do that too?

MR. NIELDS: I want him to do both, but I want him to clearly state which he is doing.

MR. JANIS: Okay.

THE WITNESS: Item 1, I don't know. My speculation is that it could be, judging from the amount, it could be cash that I withdrew to serve the purposes of the expenditures of the enterprise private, or STTGI. It is possible for the use of all of those.

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BY MR. NIELDS:

Q I am not ~~qoing~~ going to mark this, but I am going to put something in front of you and see whether it refreshes your memory.

MR. JANIS: Just for the record, this is document H. 411.

MR. NIELDS: Both H. 11 and H. 411. But I think you are correct, we should use the H. 411. It is a basic record that was made available by Mr. Hakim to the committee in Paris.

MR. JANIS: Let's go off the record.

(Off the record discussion)

BY MR. NIELDS:

Q Mr. Hakim. I take it with respect to this first transaction, February 18, 1985, $5,000, you believe that it is either an expense of the enterprise or it is a personal payment to you, or for the benefit of STTGI, and you can't --

A Or a combination.

Q Or a combination of them, and you can't tell which?

A That is correct.

Q Did that money leave the enterprise and CSF, or is it on deposit invested by ~~CSG~~ CSF?

MR. JANIS: If you know.

THE WITNESS: I have no idea.

MR. JANIS: Just for the record, the document that Mr. Nields just showed us would indicate that on the same

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date, $5,000 was transferred from Energy Resources to CSF Investments Limited, and again that is the same date of the cash withdrawal. Whether that means it was an operational expense, I guess he has no recollection.

THE WITNESS: Or the capability to even speculate about the transaction between CSF --

BY MR. NIELDS:

Q I just want to make sure I understand that, because this document that I showed you, H. 411, shows it going to ~~SFE~~ CSF. Would that indicate that it was invested by CSF rather than being a cash disbursement to you?

A I have no idea. I don't know.

MR. JANIS: I think what he is saying is that there are occasions when I suspect many occasions, when CSF Investments may indicate a cash withdrawal to Mr. Hakim when it may have been for an operational purpose, and not for a personal purpose, and the CSFV accounts may have been used that way. Is that correct?

THE WITNESS: What I am trying to say, I don't know exactly what sort of an arrangement CSF had with expenses, even in connection with our accounts, and I am not aware of the meaning of this sort of transaction. The only thing I see in common between what I have in the ledger and this document is the date.

BY MR. NIELDS:

Q The amount.

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A The amount is $5,000 here, and there is $5,2152.

Q Wouldn't that be the bank charge?

A Could be, I don't know. YOu see, there is a separate entry says $1.52. Is that bank charge? Why is it 5.20? That is what I don't understand.

Q What I am trying to get at is this. If this were an expense of the enterprise, would it be transferred to CSFV, or would it be transferred somewhere else?

A I don't know. If I wanted cash I would tell CSF and they would make it available to me. How they did it, I don't know.

MR. JANIS: Let me have a moment.

(Counsel conferring with witness)

BY MR. NIELDS:

Q The second item is a $3,000 item for April 18, 1985 What does that represent?

A That is personal for me.

Q That is not an expense of the enterprise?

A No, it is not.

Q The $5,000 transaction, what does this represent?

A If you go further down, since I studied this page carefully, if you go further down on the 17th, you see it says funds returned unpaid for the same amount.

Q It doesn't look like the same amount to me.

A Sorry, I am making a mistake. Let me explain to you. What I meant, if you go down to the 17th to the $45,000 amount -- there is a $45,000 amount transferred to Bank of Korea, 18th. Do you see the $45,000?

MR. NIELDS: Let's go off the record.

(Discussion off the record)

BY MR. NIELDS:

Q We are back to the June 16, $5,000 transaction. I take it that is personal?

A That is personal.

Q Then there is a February 20 transaction in the amount of $20,000.

A I don't know ~~that~~ what that was. If you have any backup documents that can help me, I would appreciate it.

Q We do is the answer, but it will take me a second to find it.

(Off the record)

BY MR. NIELDS:

Q Let's go back on the record. I put in front of you a document from the records you supplied us that has Bates stamped H. 409 on it.

MR. JANIS: It indicates a cash withdrawl from Energy Resources payable to CSF per the orders of Republic National Bank.

MR. NIELDS: Yes, and that is broken down $22 Korel $20 Hakim.

(Off the record discussion)

MR. JANIS: We have also in front of us H. 1829,

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which is another Energy Resource bank record. Is this from Credit Suisse?

MR. NIELDS: Republic National.

Mr. Janis. My question is this: This is not the same Energy Resource account.

end Cantor
end mhl

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A I cannot identify this handwriting. I can tell you it is not Bill Zucker's.

MR. ZANARDI: This is the Secord portion of that amount going out.

This is the $22,000 account going to Secord out of that portion.

MR. VAN CLEVE: And he has a receipt for that.

MR. NIELDS: Let's go back on the record.

BY MR. NIELDS:

Q Mr. Hakim, we are going to change format a little bit and let you go through the items on this ledger and identify for us the ones that you can, and then we will come back and pick up the ones that you are uncertain on.

A Okay, let's do that.

There are a number of small cash withdrawals here on the 20th for $3,000 and the 25th for $3,000 and again -- the 25th is for $5,000 and twice on the 20th for $3,000. I have marked all these things to be under the same category that we had the first $5,000 and on the 18th, top of the page.

Q Yes.

A I would like to answer or identify these in the same manner that I have identified the $5,000, i.e., these could be operational expenses of the enterprise, private or STTGI or a combination of them.

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MR. JANIS: For the record, I also think on these small amounts I recall the records that we produced, there are a number of instances in which, even for the small amounts, there are back-up documents from CSF records indicating that the funds may be further disbursed or on some occasions for other purposes that they were disbursed.

THE WITNESS: This transfer to Barclays Bank in California for $10,000, that is personal for me.

MR. VAN CLEVE: Let me ask before you go on, did you mean to tell us or have you told us whether the notations were created contemporaneously, if you know?

MR. JANIS: It is my understanding that the notations on the back-up documents were created contemporaneously.

THE WITNESS: The amount of $12,800 transferred to the Bank of America, because Bank of America was one of the banks that I used.

I would like to see if you have the back-up document on that. I might be able to help you with that.

MR. SABA: Here you go.

THE WITNESS: Okay. I know what it is.

MR. WECHSLER: Turn the document over to see if --

THE WITNESS: I know what it is.

MR. JANIS: Turn the page to the next one.

THE WITNESS: Okay.

MR. JANIS: For the record, Mr. Hakim was shown documents H-20 and H-19.

MR. WECHSLER: 18 and 19.

MR. JANIS: He looked at the first two pages, 20 and 19.

THE WITNESS: Can I see that again?

MR. ZANARDI: Sure. That is a copy of a check.

THE WITNESS: I understand.

This is a loan that I extended to my company, Stanford Technology, Inc., in California. So for the purpose of your accounting, it should be charged as my personal draw.

MR. NIELDS: Okay.

THE WITNESS: There is a transfer to Albert Hakim for $50,000.

BY MR. NIELDS:

Q April 16?

A April 16th. That is return back to the account. If you come further down on the 17th of June, it says funds returned and paid for the same amount, $50,000.

MR. NIELDS: Off the record for a moment.

(Discussion off the record.)

MR. NIELDS: Back on the record.

THE WITNESS: Okay. This is --

BY MR. NIELDS:

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Q Mr. Hakim, I think you are now going to correct the answer you previously gave on the $50,000 transaction on

April 16; is that correct?

A Yes, sir.

I would like to leave that and come back to it when we have more back-up documents to look at. I don't know. It falls under the category of the items that I don't know. I mistook that for another $50,000.

Q That transfer went to Chase Manhattan in Paris. Does that help refresh your memory on it?

MR. JANIS: What was the date again?

MR. NIELDS: April 16.

MR. JANIS: Off the record for a second.

(Discussion off the record.)

THE WITNESS: That won't help me.

BY MR. NIELDS:

Q Keep going, then.

A 18th, transfer to Robert Gooding, $37,000, 3730. That is personal. That is my attorney in San Francisco.

29th, $7,000, I again categorize that as a combinatio of operations or one of them, expense.

The next one, same thing, the $3,000.

Q Okay.

A The 21st --.

MR. JANIS: May 21st, 1985.

THE WITNESS: Yes.

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If I can recall correctly -- and I am basing my

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judgment on the amount of the $250,000 and the annotation here says that re-loan, re: lo loan, this was a transaction that CSF and I jointly entered into in a piece of property that apparently I found out later that CSF, too, has that as a loan, a piece of property we bought jointly, and it was returned and I paid some interest on that and I cannot see where I was charged for the interest.

This was the principal, I believe. So this needs further clarification.

The principal could have been less and the 250 includes the interest. But judging from -- it says transfer to Compaigne de Services, Re: Loan --

MR. JANIS: But it says Re: Lo.

THE WITNESS: I read that to be "loan."

BY MR. NIELDS:

Q So that is a personal amount?

A Yes. On those assumptions it is personal and there should be back-up documents. Such a transaction existed. The principal could have been $200,000 and the $50,000 represents the interest, or the principal could have been 250 and then there should be somewhere where they charged me for the interest.

Q But this is $250,000 leaving the enterprise, going to your personal benefit?

A With those assumptions, yes.

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Q All right.

I should say,in case it affects your recollection, that it appears to have been transferred to Banc Nacional de Paris.

MR. POINTS: You see that $250,000 reappear on the next page in '86.

MR. WECHSLER: Did you say you paid back the loan?

THE WITNESS: Yes.

BY MR. NIELDS:

Q Paid it back to where? To the enterprise?

A To CSF. They are showing these things --

Q In other words, CSF had loaned money earlier and you paid them back with the 250?

A With that 250, yes.

MR. JANIS: CSF had loaned him money and he paid them back --

MR. NIELDS: That is the payment back.

THE WITNESS: I would like to make a correction here.

If these --

MR. JANIS: Incidentally --

THE WITNESS: I need to make a correction first.

MR. JANIS: Okay.

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THE WITNESS: That I, just since we went through this mental exercise here, the $250,000 that I was referring to in connection with the purchase of property in San Jose

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was not paid back through the enterprise. That was paid from my account, because the property was sold in San Jose and I sent a check to CSF to their account in Republic -- New York. So I would like the record to be corrected for that mistake of mine.

BY MR. NIELDS:

Q So what -- I want to understand.

A I am saying there was a previous loan and I am reading this "Re: Lo" to be "Re: Loan."

MR. JANIS: You are reading this to be a payment back to CSF for the loan.

THE WITNESS: Yes.

MR. JANIS: Do you have a record from Republic National Bank that they got a check?

MR. ZANARDI: Yes.

MR. JANIS: What this transaction highlights about this ledger and one of the reasons it is confusing, assuming this is correct, this was a transfer to CSF and not a transfer into Mr. Hakim's capital account, which apparently is the case, if you look at that balance. The balance, even though it was payment to CSF from this account, the balance goes up $250,000.

MR. ZANARDI: That is the balance --

MR. JANIS: This is a running total of all the money that came through, but not --

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MR. NIELDS: Not the amount being invested, no. That is clear.

BY MR. NIELDS:

Q This is just a total of money paid, according to their accounting, to your benefit out of the enterprise, and they made mistakes because they have some expenses in there.

A The way I read this document, Mr. Nields, is that these are the monies that were paid from the enterprise to CSF that somehow, somewhere, there must be then some allocation that it was paid to CSF for my benefit.

So we need to have those back-up documents to see if the allocation is correct.

MR. JANIS: My point was that since this wasn't a payment out of CSF into his capital account, it should have reduced his -- the balance by $250,000 and not increased it.

MR. NIELDS: Let's go off the record.

(Discussion off the record.)

MR. NIELDS: Back on the record.

BY MR. NIELDS:

Q Mr. Hakim, we are still on this transaction of $250,000 dated 5-21-85, and I think it is the best of your recollection that this is a $250,000 transfer to your personal benefit?

A Yes.

I would like to again repeat, the only clue that I have, that I am going by, is not the bank record that you have shown me. That doesn't help me. It is the statement here in the ledger that says Re: Lo, and I -- because there was a loan -- therefore concluded this to be Re: Loan.

I could be totally off.

Q And Re: Loan, you are interpreting, means that it was used to --

A To repay back --

Q Let me finish.

-- to pay back a loan that had been made to you personally earlier?

A That's correct.

Q Next item that you can identify.

A It says to Hotel Intercon right below that, Swiss francs, 578, and it has its dollar value as $224.12. I don't know which Hotel Intercontinental. I assume if it is Swiss francs, it is Intercontinental Geneva, and if it is Geneva and it is in '85, it must have had -- must be charged to the expenses of the enterprise.

Q Next item.

A Now, I see the next item, the $50,000 transfer to the Bank of Korea --

Q That was washed out, I take it.

A That was washed off.

Q Two items below.

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A Correct, two items below.

So then we come to the next transaction, transfer to AH, Albert Hakim, $30,000. I need some back-up document to help me, please.

MR. JANIS: For the record, Mr. Hakim has been shown H-1803, which is a debit advice from the Credit Suisse bank account, Energy Resources International.

At the bottom there is a typewritten note.

THE WITNESS: Mr. Nields, I am afraid that this back-up document doesn't help me to recall what this transaction was for, because it is more of the same thing. It doesn't say what it was for.

MR. ZANARDI: You see this, STTGI?

THE WITNESS: I can vaguely read Las Caros in here, and you have traced this to the same transaction?

MR. ZANARDI: Yes.

THE WITNESS: If it says Las Caros and I see it, it says favor of Albert H. Hakim -- here, Barclays Bank right here, so it is personal use, yes.

MR. NIELDS: Okay.

BY MR. NIELDS:

Q The next item, $45,000 transfer to the Bank of Korea.

A We covered that.

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Q June 18. That is personal?

A Personal.

Then this cash withdrawal of $420.17, that must be a company expense. Which one I don't know, because it is not a round number and it must have been for paying bills for that amount.

Q Okay. The next one?

A The transfer to A. H. through Republic National Bank for $20,050 -- do you have back-up documents for that, please?

MR. ZANARDI: Yes.

THE WITNESS: Okay.

MR. JANIS: For the record, Mr. Hakim is referred to H-1784 and 1785.

THE WITNESS: 27 June '85, the documents that you have given me, that is the date.

Unlike the previous document from the Republic National Bank that had a destination, i.e., showed that it went to Barclays Bank, I could complete the transaction, this one doesn't have a final destination.

It could very well be expenses or cash that -- I cashed out and used for the benefit of the contras. It could be -- we must trace this to see where it ends.

MR. ZANARDI: Just call it general, then?

THE WITNESS: Yes. I am unable to identify this transaction.

I need back-up documents on the cash withdrawal,

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15th of July, $20,300.

MR. NIELDS: Do we have it?

MR. ZANARDI: We have it under Republic National Bank.

MR. NIELDS: Page 25.

MR. JANIS: What have we got here?

MR. NIELDS: Transfer to STTGI. We have it marked that way.

THE WITNESS: There were such entities, that they charged me, and it goes to STTGI because I ordered the transaction. So have you traced this through to STTGI?

MR. ZANARDI: Let's see it for a second.

MR. JANIS: We are looking at document H-284.

MR. ZANARDI: I haven't traced this one -- I don't know anything right now on this one.

MR. NIELDS: You don't know of any?

MR. POINTS: No.

MR. SABA: No.

MR. NIELDS: Oh, oh, oh, wait, this is something which is probably not -- this is on their books under an expense item to STTGI. This item, this is a 40 --

MR. JANIS: This is on the record?

THE WITNESS: Yes.

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MR. ZANARDI: That is what it is.

MR. NIELDS: We don't know what the $20,300 is

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unless Mr. Hakim can remember, and I take it he cannot.

THE WITNESS: I cannot.

BY MR. NIELDS:

Q So this is a -- you don't know?

A It could be a misallocation.

Q The next one?

A Now we are looking at the July 16 cash withdrawal of $2,500. Again I would categorize it as the small cash withdrawals that could be expense of any of the three entities, myself, the enterprise or Dick or STTGI.

Q Just hold that one for a minute there.

I am putting in front of you a document which is Bates stamped H-282 and I ask you if that refreshes your memory on the $2,500 transaction you have just been testifying about.

A I don't know if --

MR. JANIS: This is the wrong document, I think. This document reflects a $250,000 transaction.

MR. NIELDS: It was a single transaction. Most of it went to Tom Clines, $206,000 went to Tom Clines.

MR. JANIS: This reflects $7,500 going to Mr. Hakim.

MR. NIELDS: No, I think you are just reading a "2" as a "7." It is a "2."

THE WITNESS: Whose handwriting is this?

MR. ZANARDI: Can I just see it?

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THE WITNESS: This is from CSF or from who?

MR. POINTS: No.

MR. ZANARDI: This writing right here, referring to these numbers, that is CSF writing.

THE WITNESS: But --

MR. JANIS: What is the other writing?

MR. ZANARDI: The writing on the bottom is the auditors from the House committee.

BY MR. NIELDS:

Q The point of this document is that on the ledger it indicates that on that day there was a $206,000 -- $206,090 transfer to the C. Tea capital account. There was also a $2,500 transfer to the Korel's capital account.

A How much was to Korel?

Q $2,500.

$2,500 to your capital account, and apparently a $50,000 transfer to Rafael Quintero.

A The only thing that we have that leads you to connect these transactions together is the date; is that correct?

Q The date and this transfer on the same day.

MR. JANIS: Which transfer?

MR. NIELDS: The transfer which is H-282.

MR. JANIS: That transfer indicates -- let me see it for a second.

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MR. NIELDS: It indicates a total transfer of $250,000.

MR. JANIS: Yes, of $250,000. You are talking about a $2,500 transfer. The only note on this document is AH, $420.17, which refers to --

THE WITNESS: And we have that $420.17 back up there.

MR. JANIS: So I think we are looking at the wrong document.

MR. ZANARDI: I think it is the same document. It is just different parts of it. In other words, the transaction includes the 420.

THE WITNESS: But we have a reflection of the $420.17 that I said must be some sort of expense.

MR. ZANARDI: Yes.

THE WITNESS: I see a reflection of that, and you tell me that that is CSF's handwriting.

MR. ZANARDI: Right.

MR. NIELDS: Let's go off the record for a second.

(Discussion off the record.)

MR. NIELDS: Back on the record.

BY MR. NIELDS:

Q We have been off the record, Mr. Hakim, and I take it it is your testimony that you don't know for what purpose this $2,500 transfer on July 16 is for?

A That's right, sir.

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Q Keep going, then.

A The next transaction, 22nd of July transfer to Las Caros, $75,000 for my personal benefit.

Q Next?

A 16 August, cash withdrawal, $2,943.46, and I need a back-up document,if you have something to refresh my recollection.

Q I have it on here. It looks like Bank of America, San Francisco -- no, it just says paid to cash.

MR. NIELDS: Do you have a document?

MR. ZANARDI: No.

Do you have one?

MR. NIELDS: I'll tell you in a minute.

Advance on travel expenses for phase four, debit SciTech, Albert Hakim.

MR. JANIS: Document H-261.

THE WITNESS: Then this is a contra expense.

BY MR. NIELDS:

Q A contra expense?

A Yes. It is advance on travel expense for phase four.

Q That is the last arms sale to the contras out of Energy Resources?

A Whether it is the last one or not -- maybe the last one was the stranded transaction, so it was -- so it is a contra expense.

Q A contra expense, okay.

end 3
mkb

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Cantor/drg
Take 2
3:30 p.m.

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BY MR. NIELDS:

Q Mr. Hakim, I take it phase 4 refers to the fourth arms sale to the contras?

A That is right. The document that you showed me that indicated that, were we on the record?

Q We are on the record now.

A No, when we were reviewing the document. When you showed me a document that showed my signature advanced to me $2,943.46. The next transaction, 28th, 10,000 cash withdrawal, do you have any backup document on that?

(Discussion off the record.)

BY MR. NIELDS:

Q This goes to Bermuda.

MR. JANIS: Looking at document H-661.

THE WITNESS: I don't know what that is. The backup documents don't help me.

BY MR. NIELDS:

Q I want to make sure I understand that. If it goes to CSF Investments Limited in Bermuda, wouldn't that indicate that it went to CSF to be invested on your behalf?

A Not necessarily.

Q What other purpose would money go to ~~CPS~~ CSF Investments Limited in Bermuda?

A For investment on someone else's behalf, for instance, Korel.

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Q But it is credited on the ~~CES~~ CSF documents to your capital account rather than Korel's.

A I am saying maybe I ordered it, and because I ordered it, they simply reflected it in my account.

Q I understand that.

A I do not know of any investment that I have except those that I have testified to about the reserve investments.

Q I take it that this is not an expense so far as you know?

A It doesn't appear to be. It does not appear to be an expense.

MR. ZANARDI: Could I make a statement, whether it goes into the investment account or whether it goes into the companion account, they are interchangeable, so moving them from one account to the next account, you never know whether it is a matter of convenience, the way they transferred it to New York, or --

THE WITNESS: That is true.

BY MR. VAN CLEVE:

Q But it is not correct to say this is a cash withdrawal. That is not your testimony that it is a cash withdrawal.

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A You are exactly correct. I do not recall that I withdrew cash. I simply do not understand this Hamilton, Bermuda being credited with it. Here it says "cash withdrawal", and then, as you mentioned, they interchangeably

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use the investment company.

BY MR. NIELDS:

Q Let's get going. You don't know what that is?

MR. JANIS: I think what he is saying here is the fact that these transactions appearing in this ledger doesn't necessarily mean that the ledger is accurate. We didn't prepare the ledger. It doesn't mean it is inaccurate, but it doesn't mean it is accurate. If he ordered a transaction from CSF, it is entirely possible that Farina could have credited it to his account when it should have been credited to somebody else's account.

MR. VAN CLEVE: But wouldn't it be fair to say as to CSF Investments Limited as a normal matter, if money comes through there, it is for investments of some kind? It is not for cash payouts?

THE WITNESS: That is the logical conclusion, but that doesn't mean it is the way the CSF financial system works, as Lou says. We have seen that in many other transactions. They use whatever facility they have that is efficient at the time that they want to perform that certain transaction.

Going to the next one, the 7,000 cash withdrawal, Lou, do you have any backup document on that?

BY MR. NIELDS:

Q It says CSF Geneva.

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MR. JANIS: Looking at H-1756, this record simply

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indicates that 7,759 was transferred from Lake Resources --

MR. NIELDS: The only question is whether it refreshes his memory.

THE WITNESS: It does not.

MR. JANIS: We are now looking at H-1760, a handwritten note. This is one we have looked at previously.

MR. ZANARDI: I think Korel is in there, if you read through those papers.

MR. JANIS: For the record, this note indicates that at Albert Hakim's request we gave cash --

MR. NIELDS: Let him just read it to refresh his memory.

MR. JANIS: I want this to be on the record, $7,000 to some cat.

THE WITNESS: This is category, I believe, isn't that a point?

MR. JANIS: That is period.

THE WITNESS: Short for category?

MR. JANIS: No.

THE WITNESS: What is the date on this?

MR. JANIS: September of 1985.

THE WITNESS: Mr. Nields, during that period of time, do you recall if there were any incidences with the operations of the contras? I am not talking financial, but operationally. Did anybody die, get killed?

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MR. NIELDS: You may have bought a Maule airplane at about then.

THE WITNESS: No, that would have been a direct transfer. We made a payment to a funeral home at some date that I don't remember. I believe it had to do with when the aircraft was shot down.

MR. NIELDS: That is a year later.

THE WITNESS: I don't know, but I see here Trade Development Bank, and, again, I would like to say since the only relation that I know had to do with Trade Development, maybe paid the bill. But I don't see why they refer to it as cash. This completely throws me off.

BY MR. NIELDS:

Q You don't know what that is, but you think it might have something to do with American Express, is that it?

A Exactly.

Q Let's go to the next one.

A As a matter of fact, it may really be that, because here I see in the last document it says "Trade Development Bank Geneva".

BY MR. ZANARDI:

Q Would that be personal?

A No, that would be the company expense, American Express company expense.

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BY MR. NIELDS:

Q Because of the timing, the Iran Initiative had not begun yet, I take it that would make it contra?

A That makes sense.

Q Okay.

A The next transaction, 11,500. Do you have any backup document with that?

Q We may have something on this.

(Discussion off the record.)

BY MR. NIELDS:

Q Back on the record. The $11,500 entry for September 23, you are not certain what that is?

A No. The next transaction, 9,500, is contra.

Q All right, next?

A I categorize the next transaction of the $5,000 as before --

Q You are not sure what it is?

A Since it is small, it could be company expenses, enterprise expenses, or personal.

Q I think the next page should go more rapidly. I have a feeling you will know more of them. There are some large ones here that are obviously important to us.

(Recess.)

MR. NIELDS: Back on the record. We are over to page H-965 of Exhibit 1.

BY MR. NIELDS:

Q There is an entry October 4.

A Personal.

Q That is for the $1,500?

A Right.

Q The amount under that is 2,000.

A I categorize it again as expenses that can be attributed to any of the entities I testified to earlier.

Q Okay, the next item is $102,000.

A Could I have some backup document on that?

Q Abu Dhabi.

A Yes, I think I know.

MR. JANIS: Page 604.

THE WITNESS: That is STTGI. There should be a reflection of this in the STTGI books.

BY MR. NIELDS:

Q So I take it that is a payment that is equally for your and Mr. Secord's benefit?

A Effectively.

The next item, 2,000 --

Q I am sorry, I think maybe we ought to get just a little more detail about that $102,000 to Abu Dhabi for the benefit of STTGI.

A STTGI needed money for its expenses to perform at the same time services for certain UAE companies. If you

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want to go into the details of what services we rendered, I will be more than happy to do that when you want, and they did not pay us, and we took the money out of the enterprise and paid STTGI to compensate STTGI for those expenses.

Q When you say he took money out of the enterprise, who was he?

A I said we.

Q Oh, we, sorry. All right. The next item.

A This, by the way, should have come out of SciTech. Again, this is a misallocation.

Q Okay, next item, $943.40. Is that an expense item?

A Expense item, I would say contras. It says Suisse francs, 2,000. So it was moneys paid for the expenditures there.

Q Okay, next item is $43,030.

A Can you give me some backup document on that please?

Q Republic National Bank in New York.

A A day apart there is also another 20,000. The next day is 20,000 maybe the same.

Q Our backup on the $43,000 amount simply shows that it went to Republic National Bank.

A So I won't be able to -- did you say you had somethin on the 20,000? The same way. Really it doesn't have any more information in here.

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MR. JANIS: Looking at H-1726 and 1729.

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THE WITNESS: It doesn't have additional information.

BY MR. VAN CLEVE:

Q Could I just ask, Mr. Hakim, did you keep any kind of an accounting record of your own with respect to these expenditures?

A No.

Q Outside of CSF?

A No, I didn't.

Q And, to your knowledge, did they keep sub-account numbers on their books? In other words, let's suppose you had an expenditure for the contra program. Would they have had a series of numbers to show what category of expenditure was being made? Would those be reflected, for example, on these telexes?

A Not necessarily, no, because I testified that I made an attempt to get to that point at a later date, but earlier it was not done.

Q So that the numbering on the telexes is not going to tell us anything about the accounting classifications.

A To the best of my knowledge, no. It has no substance really.

BY MR. ZANARDI:

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Q This is their indication from the Republic National Bank. It says "repayment of line of credit." Would that

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refresh your memory any?

MR. WECHSLER: Which month is this on?

MR. SABA: This is the 13th.

THE WITNESS: The only thing that this would indicate to me, that this was from their -- if you check the National Republic Bank records, see if this has gone to STTGI, then it means it was paid as part of the line of credit that CSF had provided us.

MR. JANIS: You also should check to see whether CSF had its own line of credit with Republic National Bank, which I assume it does.

BY MR. NIELDS:

Q Mr. Hakim, I am going to divert your attention just for a moment.

MR. JANIS: There is another so-called diversion.

BY MR. NIELDS:

Q This is another matter of considerable importance to the committee, so I would ask you to try and search your memory as much as you can on this. How did you first learn of an Iranian Initiative?

A I believe when Mr. Secord asked me if I knew a certain Ghorbanifar, without referring to any Iranian Initiative, I asked him if it was Manucher Ghorbanifar, and I don't believe what his answer was.

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MR. JANIS: You don't believe or you don't remember?

THE WITNESS: I don't remember what his answer was, and I told him if it were Manucher Ghorbanifar, I knew him when he was a SAVAK agent and also he was recruited by the Israelis, and he told me, no, it could not be the same person. That was his answer, and then a few days later, he gave me a bunch of numbers, telephone numbers, and asked me to trace this man in Paris, and because he had difficulty locating him, and I believe at that time he shared with me a little bit of what was going on, that they were trying -- he tried to remain secretive, but then he had to tell me something so I could help him. That is when I started to trace Ghorbanifar, and this was one of the times that I believe in his testimony Mr. Secord said that he would disappear off the scope and they would make a search.

BY MR. VAN CLEVE:

Q When was this, if you remember?

A I don't remember the date.

BY MR. NIELDS:

Q Where were you when he first asked you this?

A I think I was in California. Oh, when he asked me if I knew Ghorbanifar? I don't remember that, where I was, but I do remember trying to trace Ghorbanifar from my home in California.

Q What is your best recollection of when you had these conversations?

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A I would say late '85. I believe it was late '85. I am not sure.

Q Where was Mr. Secord at this point?

A Or early '86. I think he was calling me from Washington or Vienna, from our offices there.

Q Not from overseas?

A No, I don't think so, no.

Q Let me get at it this way, if I can. One of the entries in these records is a $1 million deposit into the Lake Resources account in November of 1985.

A Yes.

Q That was apparently put there by the Israelis. Were you aware of that deposit when it occurred?

A You mean aware that such a deposit had occurred?

Q Yes.

A If Richard would have told me to expect a receipt, a deposit, I would simply watch for it, and inform him when we received it, because we had a lot of cases as such that he would call me and say "Expect to receive such and such amount."

Q My question is, do you remember receiving a $1 million deposit in connection with Iran?

A No.

Q Not at all?

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A Do you remember a time when Mr. Secord went to [redacted] assist on an Iranian transaction?

A I think I learned about that much later, when I was briefed on Ghorbanifar, that at the time that he took the trip or shortly after that, no, I was not informed about it, but later I believe he told me. I don't remember when.

Q To the best of your memory, was the conversation in which he asked you if you knew Ghorbanifar, did that happen before or after his trip [redacted]

A I believe after.

Q So you were not aware at the time he went [redacted] that there was any transaction involving Iran?

A No.

Q Or even that there might be such a transaction?

A No, I was not aware of that.

Q When did you first learn why he was interested in Ghorbanifar?

A You are asking for the date?

Q Well, if you can give us an approximate time, how long after he first questioned you about it?

A It is just a wild guess. Maybe a few weeks later.

Q And what did he tell you then?

A As to why he was interested in Ghorbanifar? I can't recall really if he was -- he was not specific. He simply asked me if I knew about the man, and normally -- I have alread testified to this, normally I tried not to question Secord too much. He reacts to that.

Q What I am asking is how did you find out that there was a transaction with Iran that was going to involve arms and hostages?

A When I got involved in Frankfurt.

Q Not before then?

A Before that I started to sense that there was something going on, when he asked me to trace the man, I started to deduct and speculate.

Q Hadn't there been an actual shipment of arms before you went to Frankfurt?

A I was not aware of it.

Q You must have been aware of a $5 million deposit into the Lake Resources account.

A Did that occur before the February meeting?

Q More like a week before, I would say.

A I don't recall if I connected that to the Iranian Initiative. I don't remember that. I may have.

Q There was a payment out of the Lake Resources account in November of '85 to [redacted] $127,000. Was that a payment that you were aware of at the time?

A Not at the time.

Q Is that one that Secord would have had the authority to advise Zucker and have him pay, or would he have had to go through you?

A I would say either way it could have happened. It could have happened either way.

Q But if he went through you, he would have just instructed you, and you would have followed without asking questions?

A That is correct.

Q Okay, let's return to the ledger. I think we just covered the $43,000 --

A And the $20,000.

Q And both of those are question marks, I take it?

A Right.

Do you have anything on 25? The same thing for the 25. Anything for the 21, Lou? Again, the same thing? So the answer is again question mark.

Q I don't think this is going to help you. This is all we have on it.

MR. JANIS: H-1713.

THE WITNESS: More of the same thing. It doesn't have any indication that would say. It doesn't help me.

The next two transactions, $9,529.32, and the $4,098, they are both personal to me, my benefit.

The next one, the 5,000 Swiss franc action, that corresponds to 2,386.63, simply because it is Swiss francs, and it says "cash withdrawal", I would attribute that --

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BY MR. ZANARDI:

Q That has Secord on it.

MR. JANIS: H-569.

THE WITNESS: That is what I was about to say. It is not necessarily to be charged to me. This is a contra expense.

MR. JANIS: For the record, H-569 is a receipt showing that $5,000 was signed for by Richard -- excuse me, 5,000 francs was signed for by Richard Secord.

THE WITNESS: Same date?

MR. JANIS: Yes. This was apparently attributed to your account.

THE WITNESS: Exactly. This is a contra or Iran expense.

MR. WECHSLER: We are still in 1985?

THE WITNESS: Yes. It could have been both.

MR. NIELDS: No, it could be Iran at that point.

THE WITNESS: It could be Iran at that time. This is another sign of the misallocations.

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4:15

BY MR. NIELDS:

Q Next.

A I think --

Q I am sorry. I am going to go back. Why is it that you say the $9,529 and the $4,000 transfers are personal?

A It is for my insurance premium. You see Vita?

Q Yes.

A From the times that I lived in Switzerland. I have my life insurance purchased there. That is the name of the insurance company.

Q Okay. Next?

A Now, my understanding for the next item is that they had not credited my account for Phase I, II, III of the contra sales and for that amount they finally credited my account. That is the best way I can describe that.

MR. JANIS: You are referring to the figure of $82,031.09?

THE WITNESS: Yes, that says "balance of account, Phase I, II, III."

BY MR. NIELDS:

Q So that is personal, that is investment for you?

A That is the best way that I can deduct.

MR. JANIS: Wait a second.

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THE WITNESS: It may not be personal. See, there are -- as I --

BY MR. NIELDS:

Q If these are transfers that relate to the balance of Phase I, II, and III, I take it that means --

A I should be getting it.

Q -- whatever your share of the commissions on the first three arms sales to the contras somebody, you are owed more money and this is the amount and it is evening up the accounts.

A But it doesn't mean that I got it because if you go -- they were A.H. accounts for different purposes with subtitles. They may show in this ledger that it went to A.H., but I actually don't know where it ended up.

Q But it should have gone to an account for your personal benefit.

A That is what I testified, but I am saying that it may not.

MR. ZANARDI: Just one. The point is that this is invested in CSF for you; right?

THE WITNESS: It should have.

MR. WECHSLER: Should be, yes.

THE WITNESS: Whether they actually did it or not, we need to further investigate.

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MR. ZANARDI: When you begin to calculate the

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reserve for the enterptise, this is not part of that reserve?

THE WITNESS: That was not -- exactly, you are right. The reserve was annotated differently when I instructed them.

MR. ZANARDI: Okay.

BY MR. NIELDS:

Q Next item, $100,800.

A Same answer, except it refers to Phase IV.

Q Just the fourth arms transaction?

A Yes.

Q May 1986 now.

MR. ZANARDI: I have good back-up this time.

THE WITNESS: No, that one I know. Personal. My attorneys in San Francisco.

By the way, for your better understanding, Bob Gooding and Howard Grise is the same law firm.

MR. VAN CLEVE: That the Mellick firm?

THE WITNESS: No. This is Howard, Grise and a bunch of other names.

Next transaction is --

BY MR. NIELDS:

Q $165,000 on February 2.

A I need some back-up documents on that.

MR. ZANARDI: How about if I tell you what happened?

THE WITNESS: Tell me.

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MR. ZANARDI: The 165,000 goes to Bermuda, the same day -- it is part of an overall transaction in which Korel is also credited $165,000.

THE WITNESS: If you have such a documentation, does that date correspond to the time of the distribution of the profits?

MR. ZANARDI: When I --

THE WITNESS: Let me ask the question differently, is there a shipment that when you chop it up between the interested parties, the 165 constitutes a certain percentage?

MR. ZANARDI: Yes, I think so.

THE WITNESS: If you have such a back-up document, then it is my share of the profit.

MR. ZANARDI: I have that in the records. This is Hakim document H-1540.

MR. VAN CLEVE: The witness is examining H-1540.

THE WITNESS: It makes sense, Lou, your analysis makes sense.

MR. ZANARDI: Okay. When you see this, what doe this mean, leave in the account? To the best of you understandi what is that?

MR. JANIS: Looks like INV.

THE WITNESS: Invoice account.

MR. ZANARDI: Does that have investment there?

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THE WITNESS: Oh, yes, investment account. This is CSF's handwriting.

MR. ZANARDI: This would be just like the other transactions. Yes, it is CSF handwriting.

THE WITNESS: So that is the investment account.

BY MR. NIELDS:

Q I take it the answer on the 165,000 is to the best of your understanding that is a profit distribution?

A Yes, sir.

Q To you?

A Yes.

Q The next transaction?

A Do you have any back-up? $1,351.42. It appears to be an expense because it says cash withdrawal, so it must be against a certain invoice, a certain expenditure for the companies, one of the companies.

MR. NIELDS: I don't have anything.

MR. JANIS: Looks like about 2,000 Swiss francs, isn't it?

MR. NIELDS: It is February 19.

MR. VAN CLEVE: There is no back-up noted here.

MR. NIELDS: We don't have any back-up.

THE WITNESS: It must be a company expense because of the exact figure of $1,351.42.

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BY MR. NIELDS:

Q Okay. Next.

A Here we come to --

MR. JANIS: Is that part of the enterprise?

THE WITNESS: Part of the enterprise, that is what I meant.

MR. JANIS: Off the record.

(Discussion off the record.)

MR. NIELDS: Let's go back on the record.

THE WITNESS: The next item refers to CSF investment, A.H. sub-account and the amount is $2 million. This is what I have referred to in the chart that we talked about a couple days ago as the reserve that I classified as reserve, General Secord classified it as self-insurance money.

BY MR. NIELDS:

Q Finish your answer, and then we will have a question.

A It is a set aside money for reserve for the enterptise. I classified it differently than General Secord. General Secord needed the money at that time to be set aside because he had to get the aircraft for shipment of the arms that we were about to make and we had to have insurance. The Israelis needed to have a guarantee so we set that aside. But as a businessman, I also took into consideration that one possibility is that we have to pay the Israelis if the

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plane should go down and the other possibility is we don't have insurance, so it is best to classify it as reserve, not as insurance money. That is why in my little chart there I showed CSF investment reserve. So this is the sub-account A.H., $2 million.

Q Do you have a question, Lou?

If you don't, I do.

MR. ZANARDI: I have just one question, but why don't you ask yours. Mine goes with something else.

BY MR. NIELDS:

Q What I don't understand is why this money was transferred at that time? It says March 5, it was transferred into a A.H. sub-account, $2 million. Why was it transferred at that time?

A I cannot answer the question why at that time. That is the time that General Secord told me to set aside that sum of money.

Q Let me sharpen the reason why I am asking you the question. If General Secord asked you to set the money aside to cover the possible loss of the Israeli plane, the timing is odd because the plane had already flown the mission and come back.

MR. JANIS: I think if I understood General Secord's testimony he said that is the reason that the two million dollars was built into the price. Once the plane --

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MR. NIELDS: No, that wasn't his testimony.

MR. JANIS: My understanding is that is what he said.

MR. NIELDS: He said it was put in a CD.

THE WITNESS: When actually was the shipment made?

MR. NIELDS: Two shipments were made both in February.

THE WITNESS: Late February?

BY MR. NIELDS:

Q Yes.

A So it may very well be. I cannot be sure. It may well be that I was not present and --

Q Let me sharpen my question and see if this helps any. Is it possible that this money was transferred out of a CD and/or a call account and into a reserve after the plane had flown the mission when it was no longer needed for insurance

MR. JANIS: Let me see, before you answer, do you have any indication that there was a CD?

MR. ZANARDI: Yes, I do. That is one of the points I was trying to make. I think there was both a CD and a set aside for the reserve at the same time. We have a CD account that ran a balance pretty close to the $2 million all the way through. That was at Hyde Park.

MR. NIELDS: I have got a composite list somewhere in here.

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MR. ZANARDI: Can I ask my other question?

MR. NIELDS: Sure. Go ahead.

MR. ZANARDI: How did this transaction work in terms of transferring the money to CSF? Was it a -- I thought the records looked like there was a cash withdrawal for twelve million, you put three million into one of your accounts and I see two million that seemed to just disappear. Did you --

THE WITNESS: I understand what you are saying. You lose track of $2 million.

MR. ZANARDI: Yes.

THE WITNESS: If you go back, Lou, and check, you should see an expense about that time paid to the bank for us to cash that much money out.

MR. ZANARDI: Right.

THE WITNESS: So when you see such a -- my guess is I can't remember correctly, but the cash out is $2 million, it would have cost us approximately $20,000 or something, about that much, to cash that kind of money out. That is what we have to pay to the Swiss bank. That is how we manage to lose the traceability of the monies.

MR. NIELDS: Let's go off the record for a moment.

(Discussion off the record.)

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MR. NIELDS: Back on the record.

THE WITNESS: I believe, Mr. Nields, your analysis might be closer to actually what happened.

BY MR. NIELDS:

Q Let me say, Mr. Hakim is referring to an analysis that I disclosed to him off the reocrd, I think, but in any event, he will say what it is.

A Your analysis --

MR. JANIS: To the best of your recollection.

THE WITNESS: Yes, to the best of my recollection, your analysis is correct that there was indeed that sum of money, $2 million, in certificates of deposit and later we transferred it into an investment account simply to have maximum income. You would have had more income from the investment activity rather than the CD activity and I believe, again, at that time it had become more apparent that the enterprise would be more involved in dealing with Iran, so we wanted to make sure that the money was completely set aside for reserve purposes.

MR. ZANARDI: Did -- once you made the investment, the money into the investment account, did that make it less liquid, less ability to get cash real quick than if you would have had it in a CD?

THE WITNESS: Not necessarily.

EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

BY MR. VAN CLEVE:

Q Let me ask a couple of follow-up questions.

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As I understand it, the purpose of having a $2 million account to self-insure is the shipment would be in the event the plane was lost the Israelis could be reimbursed for the value of their airplane? Is that correct?

A And the goods probably.

Q No, the goods were clearly worth more than the $2 million.

MR. NIELDS: Also the Israelis didn't own the goods.

BY MR. VAN CLEVE:

Q So the first question I have is did you ever put a lock on any account in favor of the Israelis?

A No, no.

Q So there never was an insurance policy issued in favor of the Israelis, was there?

A Not that I know of, no.

Q Okay. So was there ever any document sent to the Israelis to demonstrate to them that $2 million had been set aside in an account, to your knowledge?

A To my knowledge, it was all done orally.

Q So they basically took your word for it --

A Not my word.

Q Then whose word?

A General Secord's.

Q They took General Secord's word?

A I had absolutely no contact with the Israelis.

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Q So they took General Secord's word that $2 million had been set aside somewhere to protect their airplane?

A Yes.

Q And they were willing to do business on the basis of that kind of oral assurance?

A This is what General Secord told me.

Q Okay. To your knowledge, were any of these arms ever insured, the arms themselves?

I know yesterday we talked about insurance for the shi You went out and got insurance for the ship that Dolmy bought and you told us that you thought the insurance must be at least -- that the purchase price of the ship was the minimum face amount of the insurance.

To your knowledge, were any of the weapons that were sold to Iran ever insured for any amount?

A I have no idea. I don't know.

Q It would have been a very substantial expense, wouldn't you agree, to ensure those weapons? These were millions of dollars worth of weapons.

A I don't know.

Q As a businessman I think you can agree that it would cost --

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A I don't even know if insurance companies insure --

Q These are just goods, Mr. Hakim, millions of dollars of goods. And as a businessman, surely you can agree that it would have cost a great deal of money to insure these weapons against loss in that situation.

A What I am saying is I am not an insurance expert. I don't know whether insurance companies insure ammunition, arms and so on. I have no idea. I don't know.

Q Let me put it to you this way.

If you were shipping goods to Iran, would you try to insure them against loss in transit?

A What goods?

Q Say medical supplies?

A Definitely.

Q You would be concerned if they were lost over the Arabian Sea that --

A It is a normal practice, yes. A practice that you always do. Even based on my experience when you give a price to a client for goods, you give it on a CIF basis which is cost, insurance, and freight. Insurance is a very important part of this, but I have no idea how the arms business is handled in connection with insurance.

Q You did tell us that you went out and got insurance for the ship Dolmy bought even though it was going to be engaged in very hazardous activity. You went out and insured it, didn't you?

A Yes.

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Q And you told it was very expensive because it was engaged in hazardous activity; correct? I believe that was your testimony?

A I don't recall what the context these questions were asked, but whether it was expensive, what documents I was shown.

Q To your knowledge, were the arms themselves ever insured by the enterprise in any way?

A I am not aware of any such insurance.

Q Okay. Has General Secord ever mentioned to you the need to insure the arms against loss in transit?

A Not that I can recall.

Q Or against theft?

A Not that I can recall.

Q Thank you.

A You are welcome, sir.

MR. JANIS: Just to clarify things, at one point Mr. Hakim indicated he didn't have any contact with the Israelis. I think he meant that in the context of your question because he has already testified to having been present in a meeting in February of 1986 when there were Israelis present and at other instances in which he met with the Israelis; is that correct?

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THE WITNESS: The only time that I remember to have been in contact with Israelis was in the February meeting

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that Mr. Nir was there, but I would not even say that I was in contact with him. He was present in the meeting.

EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

BY MR. NIELDS:

Q Are you aware of any documents that would reflect this transfer of the $2 million into the custody of CSF? We don't have any.

MR. ZANARDI: I couldn't find any.

MR. NIELDS: There are no documents that reflect this transfer other than the ledger?

MR. ZANARDI: As I explained before, when you cashed it and you lose the trail just like you wanted us to do, and if it wasn't for the ledger we wouldn't know what happened to that $2 million. We are not even sure. But don't they give you some type of documentation that you have invested $2 million in a CD or anything with CSF?

THE WITNESS: Wouldn't you defeat the purpose if you did that?

MR. ZANARDI: No, no, just for yourself.

MR. JANIS: For his purpose the information was on the ledger and I think he has testified that he had complete confidence in the integrity of CSF.

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THE WITNESS: There is no question about that. But to answer your question, if you could go back and document it, why go through the trouble of spending the --

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MR. NIELDS: Let's not argue, the answer is yes or no, either you know of documents or you don't know of documents.

MR. VAN CLEVE: Other than what you have produced, are you personally aware of any documentation that would corroborate this $2 million transfer?

THE WITNESS: There should be -- I think I have testified to this either yesterday or the day before that there should be fiduciary agreements in connection with that.

BY MR. NIELDS:

Q Particularly in connection with the $2 million transfer?

A Not "transfer"; "investment".

MR. VAN CLEVE: Mr. Nields was not here during the period when Mr. Liman and I questioned him about this, but you did tell us there should be what I think Mr. Liman called testimentarian instructions with respect to the $2 million. Are those the documents you refer to?

THE WITNESS: No, no, I am talking about fiduciary agreements for investment.

MR. VAN CLEVE: Those were parallel documents that were executed at about the same time; is that correct?

THE WITNESS: You are talking about the-- about what I referred to as will?

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MR. VAN CLEVE: Yes.

THE WITNESS: I don't know whether they were done at the same time, but to answer the question that Mr. Janis asked, do I know of any other document that would support this transaction, I said there should be -- my answer is there should be a fiduciary agreement that I was a party to that contract and CSF investment would have been the other party to the agreement.

That should say $2 million investment is being made with them under A.H. sub-account whatever it was.

MR. VAN CLEVE: Okay.

MR. NIELDS: All right.

THE WITNESS: We talked about this yesterday, I think.

MR. JANIS: Yes.

THE WITNESS: Mr. Janis will try to clear that. We went through all this.

BY MR. NIELDS:

Q Next item, $28,000, March 18.

A It says CSF investment A.H. sub-account. Do you have any back-up documents?

If you don't, I don't know what it is. I can guess because it says A.H. sub-account. It could be money invested for --

MR. POINTS. It goes to Geneva, CSF, Geneva, $28,000.

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THE WITNESS: But it doesn't say for what purpose?

MR. POINTS: Then the $50,000 below that says CSF Bermuda.

THE WITNESS: What it says is A.H. sub-account. To me, A.H. sub-account -

MR. WECHSLER: It just says A.H.

THE WITNESS: Sorry. Sorry.

My marker just moved up a little bit. I don't know what that is. Do you have any back-up? Your back-up document doesn't say where it goes?

BY MR. NIELDS:

Q The back-up document says it goes to -- look at it.

MR. VAN CLEVE: This is H-225 that Mr. Hakim is being shown.

THE WITNESS: Whose handwriting is this?

MR. NIELDS: I believe that was on there when we got it.

MR. ZANARDI: That is CSF's.

MR. JANIS: You sure?

MR. ZANARDI: Yes.

MR. POINTS. It is not ours.

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Anything we put on would be down at the bottom.

MR. ZANARDI: This is the other one.

THE WITNESS: March. I can't recall in March, March 18, 1986, I can't recall receiving any money in cash. It doesn't even say where. It says cash to Hakim. I have no idea what that is.

BY MR. NIELDS:

Q There is a $50,000 transfer on the same day.

A To where?

Q Move our marker down.

A Okay.

Q That is a substantial sum of money that was transferred all on the same day. This one goes to Bermuda, it appears.

A Do the dates, Mr. Nields, correspond to any of the shipments that could have been distribution of profit?

Q There definitely were shipments in March of 1986.

A I am talking about contra shipments.

Q I understand. That is what I am talking about, too. But this is not a distribution of -- there are no corresponding transfers into the accounts of any of the other parts.

A Then I definitely would say either they are adjusting their accounts that they had not been adjusting as a result of our inspection, or this is an expense.

Q Do you recall any expenses in this amount, $78,000?

A When I say "expense", I don't mean a bill for $78,000, it could be cash given to General Secord for the purpose of the contras.

Q So you are not certain on either of these?

A No.

Q Okay. Next item.

A Okay.

Q $72,580 on the 17th of April.

A Do you have any back-up document on that?

MR. ZANARDI: Yes.

MR. JANIS: H-904. The handwritten part says "amounts received by A.H. totalling $72,580".

MR. WECHSLER: It is apparently also 136,000 Swiss francs.

MR. JANIS: From Albon Values Corporation.

THE WITNESS: I don't know.

MR. JANIS: What is the date?

THE WITNESS: 17 of April.

BY MR. NIELDS:

Q Next item.

A Do you have any back-up documents? It is a small cash withdrawal.

MR. VAN CLEVE: This is H-187 that is being shown to Mr. Hakim. There is a notation appearing to be a CSF notation, "to cover withdrawal in cash of A.H."

THE WITNESS: And it comes from Hyde Park. I would say -- this is what, April? I don't believe we have gotten organized by then.

I would allocate that to the Iranian expense. I don't know.

BY MR. NIELDS:

Q Okay. You are not certain, but you think it is Iran?

A Yes.

Q Next item.

A Just judging from "Hyde Park". The 15,000 -- do you have a back-up document on that?

MR. ZANARDI: Yes.

MR. VAN CLEVE: H-903 that should be, that Mr. Hakim is being shown.

THE WITNESS: Yes.

MR. VAN CLEVE: Dated 4-17-86.

MR. ZANARDI: I have the two of them that were together. They are both 4-17.

MR. VAN CLEVE: The witness is being shown now H-187 as well as H-903.

THE WITNESS: What was that chart, what was Albon for?

MR. NIELDS: That was a Central American operating company.

THE WITNESS: I don't know. Beats me really. If it is the same day, they have made transfers and they show it has gone through my pipeline from two different accounts to

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me, indicates that that should be charged to, Albon should be charged to the contras and the Hyde Park, 3,000, should be charged to Iran. That is the only conclusion that I can come to.

BY MR. NIELDS:

Q Next one, cash, Passeport U.S.

A Absolutely no understanding why they need Passeport U.S.

Do you have something there?

MR. VAN CLEVE: I am showing Mr. Hakim H-99. There is a term spelled p-a-s-s-e-p-o-r-t. Does that help at all?

THE WITNESS: No.

MR. VAN CLEVE: I thought it might be the same. Do you recognize that signature, if that is what it is, on this document?

MR. JANIS: Looks like T. Clines'.

THE WITNESS: Tom Clines would never put his right signature on any piece of paper.

MR. JANIS: That is what it looks like, though.

THE WITNESS: Not him. No. What is this? It doesn't really help me.

MR. VAN CLEVE: Okay.

MR. JANIS: What date is that, I am curious.

MR. VAN CLEVE: From Albon Value, April 17, 1986.

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BY MR. NIELDS:

Q The answer is you don't know what that is about?

A No, I don't.

Q Okay. The next one, $26,490 on May 20, that is part of a 30-30-30-10 split.

A Then it must be profit distribution for my benefit.

Q Next one is $10,000, sub-account one.

A You have to see what that sub-account is when we get the additional documents.

Q From CSF you are talking about?

A From CSF, yes.

Q All right. We eagerly await that.

MR. JANIS: Let's go off the record.

(Discussion off the record.)

MR. NIELDS: Let's keep going.

BY MR. NIELDS:

Q The next item is a $60,300 item.

A Do we have any -- does that correspond to any profit distribution date?

MR. POINTS. No.

MR. NIELDS: Show him that.

MR. VAN CLEVE: This is H-175 we are showing Mr. Hakim. I wonder if that jogs your memory. If you know, Mr. Hakim, were redactions made in the document before it was produced to us?

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Have you ever seen that document in a different form?

THE WITNESS: This is the first time I have seen this. I don't know what this blacked-out area is.

I don't see any annotation, any remarks on this document that would help me. Sorry.

MR. VAN CLEVE: Okay.

BY MR. NIELDS:

Q This is just about at the time of the McFarlane trip to Tehran.

A You are talking about this $60,000 amount?

Q Yes.

A I don't know.

Q In any event, we got another one you may be able to remember, $500,000.

A That I remember.

Q Okay.

A This is another A.H. sub-account that was set aside for investment purposes. It was not part of the reserve. It was money set aside in anticipation of profits to be made or we were making ahead of time and we were going to make the investments that we talked about earlier for the benefit of STTGI, Richard and I. It should have come from this.

Q So this should be a set aside?

A It should be a set aside for SciTech.

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UNCLASSIFIED

MR. JANIS: Their question is, are you saying it should have gone into the SciTech sub-account or another sub-account as a set aside for an investment?

THE WITNESS: Earlier I said that it is an A.H. sub-account set aside for investment. Then I went further to explain that this investment was for the benefit of STTGI.

BY MR. NIELDS:

Q So --

A And I have further explained the previous testimonies that I made in connection with the wood deal and so forth.

MR. VAN CLEVEL: This is the --

THE WITNESS: Technically, CSF should have drawn the monies for those investments from this sub-account. Whether they did that or they didn't, I don't know.

end #5.

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Q Would it be correct to say that you are setting aside enterprise funds here to make some adjustments through SciTech?

A Yes.

BY MR. NIELDS:

Q I know you have answered this three times. SciTech is the offshore mirror of STTGI, is that correct?

A That's correct.

Q So this is $500,000 that is taken out of the enterprise for the benefit of you and Mr. Secord equally?

A Eventually.

Q Was Secord aware of this transfer?

A I'm not sure. I don't think so. I am not sure. You mean set aside?

Q Yes.

A By transfer, you mean set-aside?

Q Set-aside.

A I don't know. I don't know whether I told him or not.

Q The next item is $10,000.

A Lou, do you have any background on that?

Q I would like to go back to this $500,000 item. Out of what funds was this $500,000 set-aside made?

A From the accounts of various companies, I don't know from which account they had the money. I can't recall at this time. Most probably from Hyde Park.

Q I take it it was not out of the commissions on the arms sales to the contras?

A The document should reflect that. I really don't know how CSF handled it. It is possible, and yet it could have come out of, for instance, Hyde Park.

Q It could have come out of the Iranian --

A It could, yes, very possible.

Do you have a reflection from the bank accounts showing that kind of transfer at that time?

MR. ZANARDI: This is a CSF New York bank statement.

THE WITNESS: CSF New York.

MR. ZANARDI: Right, and what it shows --

THE WITNESS: Are you talking about National Republic?

MR. ZANARDI: Right. What it shows, it shows the $500,000 coming in, the $500,000 going on call from Compania, it goes in under Compania account, and eventually it gets transferred over to the investment account.

MR. VAN CLEVE: When you say "eventually," how long?

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MR. ZANARDI: 7-18-5-23.

THE WITNESS: Lou, are you telling me the money leaves Switzerland, goes to New York, and comes back to Bermuda; is that what you are saying?

MR. ZANARDI: No. It went into the New York account. They have two accounts. They have one for their Bermuda transactions and one for their Swiss transactions. The one for their Swiss transactions is the Compania account. The one for the Bermuda account is called CSF Limited, and it went from the Compania account into the limited account.

THE WITNESS: But still in New York?

MR. ZANARDI: Still in New York, and eventually it gets all pulled out with all that other stuff in December of 1986.

THE WITNESS: I see. That is the way they invested it.

EXAMINATION BY THE HOUSE SELECT COMMITTEE

BY MR. VAN CLEVE:

Q Mr. Hakim, I think it is possible that you may not have understood Mr. Nield's last question about the origin of the funds that went into this $500,000 set-aside, so I want to ask you a little further about that. I think Mr. Nields was asking you whether or not

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you regarded this essentially as a distribution of your previous profits from the contra arms deal, or whether the money came from some other source, the $500,000.

MR. JANIS: Do you want him to repeat the question?

THE WITNESS: I understand the question, but I thought I had answered it. Let me see if I can be more precise.

The money could have been invested from the share of the profits from the contra deals, and I said it is also possible that either in part or in total have been taken from other accounts such as Hyde Park. I used that as an example, in anticipation of the profits that we were entitled from the Iranian arms sales. We did not make any distinction.

The focus was to set aside money for investment, so how CSF reached out into the different accounts that they had I don't know. That is why I am saying that if you go back to the bank accounts, see where they got it, we can get the answer.

BY MR. NIELDS:

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Q But I take it that it may well be, as I understand your answer, that there were no undistributed profits from prior contra arms sales at that time?

A The profits were distributed, but they were not

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necessarily set aside. The moneys could have been invested.

Q Are you saying that there was still left in the enterprise at least $500,000 in commissions that had not yet been put into the capital accounts?

A I didn't say at least $500,000. I said could have been some money left there, and it is also possible that it was an overdraw from other accounts.

We did not focus on that. At that time the focus was on SciTech's STTGI.

Q Getting the $500,000?

A Getting into the business of investment, so we did that, and the thought, the rationale, was that they either had moneys still not set aside -- I'm not saying not distributed. I distinguish between setting aside and being distributed. To set that kind of money aside that we thought we needed for the various investments, if you recall my testimony, they asked me how much money I thought we needed for all this investment. I said I thought maybe about $350,000. Do you recall that testimony? So we had set aside $500,000 for any possible investment that STTGI would have needed.

If you are focusing on whether there was a distinction at that time between the various moneys that we had, the answer is no.

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Q Were you advancing it, so to speak, into this set-aside account, against commissions that you would earn in the future on contra arms deals, or were you setting it aside out of Iranian money?

A All the above.

MR. JANIS: I think what he is trying to say is they set it aside. There may well have been some money on contra arms sales that had not yet been distributed that was part of the set-aside, or there may have been money anticipated on contra arms sales that they were going to use for that purpose, or there was money that they anticipated making a profit on the Iranian arms sales, and that money could have been represented there too.

Is that right, Mr. Hakim?

THE WITNESS: You are absolutely correct, but you have to understand where I come from. Where I come from was not what is available in the pot. I am coming from we need this much more for investment.

BY MR. NIELDS:

Q And you were going to get it from wherever you could get it from?

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A If you like to put it that way, yes.

MR. JANIS: And the money was there.

THE WITNESS: The money was there. That is

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what I am trying to say. In one way or another, we deserved it. Either it was earned, or it was about to be earned.

If you will, you are talking in bank terms. We had that much credit with the enterprise.

BY MR. NIELDS:

Q I just want to make it absolutely clear because you have been very explicit that you were going to take for personal use certain commissions on sales of arms to the contras, but unless I have misunderstood your testimony, you have never clearly stated that you at that point in time were going to take any money for personal purposes out of the Iranian arms sales.

A You are not completely correct. I have already several times testified that I had the concurrence of all the principals that I was going to get.

MR. JANIS: His question is this. This was in May of 1986, not in August or September of 1986.

BY MR. NIELDS:

Q That is precisely my point. You had testified in August and September of 1986 that you received the concurrence of all the principals that you would eventually be properly compensated for the second-channel transactions?

A By then --

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Q This is in May of 1986, and what I am asking you is whether you in your own mind at that point in time were saying I am going to set aside or I am entitled to set aside for my own personal use and benefit $500,000 out of the Iranian arms transactions?

A That is not the way I looked at it. I looked at it that I needed to set aside $500,000. I did not have an exact accounting of what was available from the contra deals, but I needed the $500,000. I could have very well overdrawn that money into the Iranian arms.

Did I answer your question?

Q Almost completely, but not completely.

Are you saying that you felt that you could dip into this money, so to speak, and set it aside for your and Mr. Secord's personal use, because you anticipated that there would eventually be commissions due you out of sales to the contras?

A I have been trying to say my focus was on having that much money for our personal investment. That was the focus.

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And, again, I have to refer you back to my earlier explanation about this animal with so many different identities. I knew I needed this much money for investment. I also have in my mind the understanding that we are a private enterprise. I say that there is

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money from the contra deals that still is due. There is work that I have done already-- I am not talking about the second channel -- for the Iranian initiative. We are at one point called that we are a private organization. As part of this confusion, and the fact that my motivation was to have $500,000 set aside for investment, I reached out and put the moneys there. Is it clear?

Q That is an answer. It is as clear as it is going to get right now, I think. I understand. Now, have we already done this $10,000? That is the one immediately under the $500,000. What is that for? It is the 27th. Do you have a back-up document on that?

MR. JANIS: H-503, but it has no notation of any kind.

MR. NIELDS: Just cash, I think. There isn't any back-up on that.

THE WITNESS: So I wouldn't know.

BY MR. NIELDS:

Q The next one is $79,167. That is another part of a 30-30-30-10 split. I take it that means it is profit distribution to you?

A Correct.

Q The next one, $2 million.

A It is the second $2 million set-aside, and it says CSF account 2. I suppose that it is an AH

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subaccount. It is the reserve, the second $2 million reserve money, the same as the first item, the first $2 million. The reaction is the same. The answer is the same.

Q And why is it done then?

A Exactly the same method. General Secord asked me to do that and that is what I did.

Q Once again this happens a couple of weeks after the plane has flown the mission?

A But again was the money in CD prior to that?

Q Yes, it was.

A The same pattern.

Q So that after the plane flew the mission, you took the money out of the C. Tea and put it in the reserve?

A Yes.

Q Is that it?

A Yes.

Q Mr. Van Cleve is bursting to ask questions.

BY MR. VAN CLEVE:

Q From what I can see, this document H-141 is the document that covers both the $2 million transaction and the $200,000 transaction occurred the same day, June 18, and I wonder if you might be able to explain what the $200,000 was for.

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A You are jumping ahead of us, right? You are going to the next item?

MR. POINTS: Subaccount 3.

BY MR. VAN CLEVE:

Q It is the next item on your sheet, but it is the same transaction according to document H-141.

A I understand that.

Q The same date. Does that help you at all in terms of the circumstances? Why was it split up into two amounts, I guess is the question.

A Why is it split in two accounts in the ledger? Is that what you are saying?

Q In the ledger, yes, even though it appears to have been part of one transaction.

A You are asking me why -- this is from the bank, isn't it? You are asking me why CSF made one transfer and then in their books allocated it to two accounts?

Q Yes.

A I don't know.

Q You don't know.

A It seems to me simpler instead of making two transfers. It all depends where the moneys went. This money went -- is the destination of these two amounts the $2 million and the $200,000 the same place?

MR. POINTS: CSF Bermuda.

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THE WITNESS: So the answer is, it is simpler, costs less. The dates are the same, so they made the transfer, but the allocations were in their ledger for different purposes.

BY MR. VAN CLEVE:

Q You don't have any additional information about what the $200,000 allocation was for?

A No. It says account 3. I really don't know. All I can tell you, that I recall instructions, and a good possibility of three fiduciary agreements, each for $2 million and one for $500,000, one has to look at those documents. What is subaccount 3, I cannot recall at this time.

BY MR. NIELDS:

Q But that is another personal distribution to you?

A That is not what I am saying.

MR. JANIS: It goes into one of these subaccounts that were set up for various purposes.

BY MR. NIELDS:

Q Is it a reserve?

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A In general terms reserve, but I do not want you to confuse that with the reserve in the organization chart that I showed you, so one has to look at the subaccount and see. It is a set-aside. It is a reserve

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for what purpose, like the set-aside of the $500,000, I told you it was for investment, but I do not recall at this time having instructed CSF to set aside $200,000 for any particular purpose that I had in mind.

Q Mr. Hakim, I don't want to put words in your mouth, but I want to ask you this question. Was there a sense in which these two, $2 million reserves were your way of setting aside money for you and Mr. Secord at some time in the future after this Iranian initiative had run its course?

A My way you said?

Q Yes.

A I have to go back and repeat the testimony that I have already made. Reserve for corporation meant for any purpose. We needed to have a financial backbone. It could have been for operational purposes.

I testified about Ollie's way of doing things and so on. This is more of the same thing. I have testified. And you recognize at this time we are still in the midst of operations.

Q Okay, fine. You have answered the question. I am not trying to get you to repeat your testimony.

The next item is also part of one of those 30-30-30-10 splits, and I take it therefore represents a profit distribution to you.

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A Yes. We went over that yesterday.

Q The same is true on the $258,398 transfer?

A We went over that yesterday as well.

Q That is a profit distribution to you?

A If the dates correspond. The figures I recall --

MR. JANIS: That is the one we went over.

THE WITNESS: Yes.

BY MR. NIELDS:

Q It is part of the 30-30-30-10?

A That's correct.

Q How about the $250,000 item on October the ~~3~~3Rd, 1986?

MR. JANIS: Looking at CRS-0650?

MR. ZANARDI: Could I just lead you through that real quickly? I think it will save time.

The $257,000 is transfers to CSF New York. $250,000 is removed from that account, and then $25,000 is supposed to go to STTGI.

Then there is three transactions, or maybe four, that go to [redacted], totaling about $150,000, and $50,000 goes to --

THE WITNESS: Aren't these for the purchase of the aircraft?

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MR. ZANARDI: No. If you look at the date, it is August -- October.

MR. JANIS: What is your theory?

MR. ZANARDI: My theory is that it goes to the contras.

THE WITNESS: That is what I am trying to say. Didn't we buy aircraft for them then, the 123s, or paid for them?

MR. ZANARDI: No. No.

MR. JANIS: What we have here, he has got a bunch of checks going to [redacted], right?

THE WITNESS: Because I recall a delay in payment for the aircraft. I may very well be off. Do we have a date when we bought those 123s?

MR. ZANARDI: I have those checks.

MR. JANIS: You have got Bermuda.

THE WITNESS: Is it possible this happened during the time we were trying to close the operation and these were the payments we made to try to close the operation?

MR. ZANARDI: Right.

THE WITNESS: That is probably contras.

MR. ZANARDI: That is one I was pretty sure of.

BY MR. NIELDS:

Q This is contras?

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A To close down the contra account and operations.

Easy target, just charged me for it.

(Discussion off the record.)

BY MR. NIELDS:

Q Back on the record.

I have asked you to turn to H-96, which is headed "Korel assets."

A Yes, sir.

Q I take it this is the account Korel assets stands for the Secord capital account?

A Yes, sir.

Q And I take it the first figure, 22,000, you are not going to be able to help us on?

A No.

Q The next one, 165,000, you have already testified about, because there was a corresponding 165,000 to you, and I think you indicated that you believed that would be an equal distribution of profit.

The next one says "transfer to Khalid Rashid" in the amount of $31,817, and there is down below a corresponding offset of the equivalent amount. Do you know what that is about?

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A I think I do. First of all, let me tell you who Khalid Rashid is. An ex-Saudi pilot and associate and friend of General Secord whom I met through Richard, and a person who was also involved in assisting us with the sales of Marwais shelters to the Saudis, who started a consulting firm, and he went through all kinds of negotiations to go into some sort of a partnership, even rented offices for that purpose, and he is also in Saudi in the business of he sells cars, various and different kinds of makes. This was a used car that Richard bought from him, and he agreed to lend him the money and take it out of the joint venture we had. I saw the money being there, and I paid for it. I didn't think that it would be a good negotiating position with someone who is trying to go into partnership with us to have an edge over us such as I have done you a favor, so I wanted this to be paid off. How they have done this thing, this should not have been offset. It should have paid the man for it. If he returned the money back, I don't know.

Q What kind of a car was it?

A It is a Porsche, a used Porsche.

Q And was it in the United States?

A It was shipped to the United States, yes.

Q And to your knowledge, Mr. Secord kept the car?

A I really don't know what he did with it.

Q He didn't return it?

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A No. No. No, I know the car came to the United States was modified to fit the U.S. requirements and so

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forth. All that I know, but I don't know what he did with it.

Q But it was for Secord, not for you?

A That's correct.

Q And you don't understand the offset at all?

A No.

Do we have any record how this thing was offset, where the money came for this?

MR. ZANARDI: I saw it was an offset. I didn't pay any attention to it.

BY MR. NIELDS:

Q The next item is a cash withdrawal, $7000. Would it be fair to say you don't know what that is for?

A That is fair. You don't have any back-up documents for this, do you?

MR. ZANARDI: All we have is this statement signing for it.

THE WITNESS: Signed by who?

MR. ZANARDI: Richard Secord.

THE WITNESS: Oh, that is his signature? I don't know.

BY MR. NIELDS:

Q The $45,000 to Tom Green, do you know whether that is the finder's fee?

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A The finder's fee I don't think came from us.

Q You think that came from?

A The Canadian.

Q The Canadian company?

A I think so.

Q Is this the loan? I think you may have testified that you thought it was the loan.

A I don't remember.

MR. JANIS: Off the record.

(Discussion off the record.)

THE WITNESS: I don't know what that is. Do you have any back-up documents, any invoices?

MR. JANIS: What is the date?

MR. NIELDS: April 10, 1985.

MR. JANIS: Was there a Transworld Arms shipment around that time?

MR. NIELDS: Yes. The problem is that they were paid earlier, but the shipment took a while to get there.

THE WITNESS: I don't know what that is.

BY MR. NIELDS:

Q The next two are $101,926 and $118,336.

A Are there any back-up documents?

MR. ZANARDI: Just the bank statement.

THE WITNESS: No signatures, no annotations,

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no markings?

MR. ZANARDI: Bermuda again.

THE WITNESS: More of the same thing.

MR. ZANARDI: Is that a set-aside investment?

THE WITNESS: It is more of the same type of banking transaction that appeared on Albert Hakim.

BY MR. NIELDS:

Q I take it that transfers in these amounts into his capital account would logically be part of his share of the commissions on arms sales to the contras?

A That makes sense.

Q There are a series of cash withdrawals. There are about seven of them, and in general, I take it your answer would be you don't know what they represent.

A In my copy of this thing I have asked a question, does the cash withdrawal by -- who withdrew these? Does it say?

Q All we have is a transfer account.

A No, I don't know.

Q One of them says cash withdrawal Masudi.

A I do know that.

Q What is that?

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A That is contra, definitely. This is the con artist who I think is in jail.

Q And then there is $100,000 and $800,000

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profit distribution phase 4. I take it that is profit distribution on the arms sales to the contras?

Then underneath that on February 13, there is $35,000 to A. Green. Do you know who A. Green is?

A I think I do.

Q He is the --

A Rich guy.

Q British guy who sells Blowpipes?

A Yes. It should be charged to contras.

Q That should be an expense, I take it, not a distribution account or capital account?

A Right.

Q I'm sure you don't know the precise reason for the transfer to Sharf, Green and Langford, but I think you speculated yesterday it was an expense payment.

A This should be a contra and there should be an invoice, a Udall transaction.

Q The next item is $28,111.

MR. ZANARDI: Here is the back-up on that.

MR. NIELDS: It goes to Montero through Republic?

MR. ZANARDI: Yes.

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THE WITNESS: Okay. So you have that.

MR. JANIS: I am speculating here, but I think you might want to put this on the record anyhow.

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MR. NIELDS: You want to put it on the record?

MR. JANIS: Yes, I do. Some of these cash transactions in this Korel account are plainly things that were operational expenses. There seems to be a good deal of back-up for the Korel -- in the instances of Korel, when this fund was used for operational expenses, and there is less back-up with respect to the Hakim accounts, and I suspect the reason for that may be that the CSF felt a great need to back things up when they were distributing money through Secord or through Korel assets than they would have with their direct customer Hakim.

I realize that is speculating, but it becomes more apprent to me when I look at the back-up of the Secord transactions.

BY MR. NIELDS:

Q Do you know who Madam Barbara Carolina Maurer is?

MR. VAN CLEVE: Is that Madam or Mademoiselle?

MR. NIELDS: I thought Mademoiselle was Mmle. It is November 12, 1985 cash transaction.

MR. JANIS: Do you have some back-up that you can show him? You are looking at H-596.

THE WITNESS: This is Richard's signature? So what is the question?

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The only thing that is familiar to me from all this, there is a receptionist in CSF that I know her by the name of Carolina. If this is the rest of her name, I don't know. It is possible that she went and cashed it.

BY MR. NIELDS:

Q Of the remaining five entries, four of them are part of these 30-30-30-10 splits. I take it those would represent Mr. Secord's share of the commissions on arms sales to the contras?

A Okay.

Q I take it that is correct?

A Yes.

Q And then there is just one unidentified item of $2,305.32, and that has an offset, and so I don't need to ask you about that.

MR. WECHSLER: The offset is a penny off.

BY MR. NIELDS:

Q Actually I do. Who is Pat Buchinger? Do you know the answer to that?

A Yes, I do.

MR. JANIS: It is not Pat.

THE WITNESS: It is not Pat.

MR. VAN CLEVE: We are glad to see that you are thorough, Mr. Janis.

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THE WITNESS: Nothing of big substance.

BY MR. NIELDS:

Q Is this the Continental Bank in Brussels?

A This is the money that was paid to a clinic in Germany, which is a health farm, a fat farm, if you will. Seriously, I was very much concerned about the health of Richard. He was under a lot of pressure, and I wanted him to take some time off, and I know this clinic very well. I have been using it for many years, so I sent him there and confined him to that place. They charged his accounts, and I said, "No, the company will pay for it." That is why it was offset, so it is a health benefit, and he was not alone, by the way. Tom Clines was with him.

BY MR. VAN CLEVE:

Q Is Tom Clines a fairly tall individual?

A Yes, he is tall, tall and fat.

Q Fat also?

A yes. He is quite a character. You can get to like Tom. You will see the same transaction in Tom Clines' column. We look after our employees.

BY MR. NIELDS:

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Q We are almost finished with this money business, but not quite. There are a number of transfers, most of them out of the --

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A Where are we now? Still on Korel, or finished with that?

Q We are finished with that. You don't need to refer to this document.

There are a number of the transfers reflected on the C. Tea register, which is in front of you.

A You want to go to the next page?

Q Are to the Continental Bank in Brussels. Do you know why that is the case?

A I have no knowledge whatsoever about Mr. Clines banking movements. I really don't. He handled it himself. He dealt directly. I know very little, almost nothing about how he operates.

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MR. ZANARDI: He dealt directly with CSF?

MR. HAKIM: Yes.

BY MR. ZANARDI:

Q Okay.

A When you say dealt directly with CSF, the only thing he had to do was to instruct CSF what to do with the profits or the commissions that were taken.

Q But you directed how to make the payments for Defex.

A Yes and no. You are asking an operational question or a financial question?

Q Operational question.

A Let's answer separately.

Q Okay.

A Financially he had no authority whatsoever in any way or form to the contrary. He had told CSF that no transfers to be made ordered by Tom Clines unless it is approved by me. Operationally he could not -- we could not have a man out in the field dealing with, you know, sensitive situations and telling him that we wanted to monitor him. But I couldn't have that much -- we were sloppy, but I couldn't allow it to be -- to get that much sloppy that too many people would instruct the same financial network to do things.

So whenever he instructed, if he did, CSF to do

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something they always called me, checked with me, got my approval then moved. It was an arrangement -- we didn't want to recognize the both.

MR. NIELDS: To your knowledge did any of the money of the enterprise ever go to the benefit, personal benefit of Oliver North?

THE WITNESS: Not under my instructions and not to my knowledge.

MR. NIELDS: Did you ever hear that that happened?

THE WITNESS: Pardon me?

MR. NIELDS: Did you ever hear that that happened?

THE WITNESS: No.

BY MR. NIELDS:

Q No one ever told you that that had happened?

A No.

Q Was it ever contemplated?

(Witness confers with his attorney.)

A Yes.

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Q And who participated in this contemplation?

A I would say that I -- in my opinion I was the key operator in that idea. If you recall when we were talking about the Button set-aside and I was very confident when I testified that it could not have been Dutton, and I also testified that this set-aside should have had

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interest added to it.

I had contemplated to use the interest of that money to help out with the university expenses of Oliver North's child. I don't know whether it was a son or daughter. However, I knew it was a very sensitive area to get into. I believe I told Secord about it. What I recall is he said he didn't want anything to do with it. I asked Zucker to see if he could find a legal way to help with the university expenses of his child.

I managed to get Mrs. North, whom I have not met, to meet Bill Zucker during one of his trips that he made to the United States. I believe it was in Philadelphia with a law firm that he deals with. To the best of my recollection he called and met, I believe -- this is what I recall from what Mr. Zucker told me -- that it was all done on the phone or what, but I think they met and he got acquainted with the family, the structure, who the kid was, and what was involved.

The bottom line was that Zucker told me that he could not think of any legal way of achieving that objective. That was aborted.

Q Did he tell you that there was no legal way or no feasible way?

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A He advised me not to get involved. Not to do it.

Q For whatever reason.

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A I constituted that to mean that that was not the right thing to do.

Q Had you discussed this with North?

A I don't recall if I have. I don't believe I did.

Q Did you discuss it with anyone other than Secord and Zucker?

A I don't believe that I have, no, no.

Q I take it from what you have said that you understand that Zucker talked to Mrs. North about it?

A Yes.

Q And what did he tell you about that conversation?

A He did not feel comfortable about the whole thing.

Q Zucker?

A Zucker.

Q How about Mrs. North?

A I don't know what transpired between the two.

Q What caused you to make a decision to see if you could do this for one of North's children?

A I think what prompted me was when I heard, I don't know whether it was Secord or it was from him or both, I don't remember --

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MR. JANIS: You have to say who you mean by "he."

THE WITNESS: North. I believe there was a time that I became aware that North was in a very awkward situation with his family. He was not spending time with his family. He was not attending to the family and I even heard that his wife was contemplating to separate from him and he was not attending to the kids, school, education, and I have a lot of respect for North. I really like that man and consider him a good soldier.

I thought if I could find a way to help out and maybe reduce the tension that would be a good move.

Q Did he indicate that part of the tension was the cost of educating his child?

A I really don't remember that. I don't recall that, Mr. Nields, in that context. I remember the tension.

MR. VAN CLEVE: You say you became aware of his personal family situation. Was that because he told you about it or because Secord told you about it?

THE WITNESS: I believe it started by Secord telling me this. I think when it started out I -- I don't remember the dates.

BY MR. NIELDS:

Q Here is what I am having trouble with. I take it Zucker doesn't know or didn't know North or Mrs. North? Is that true? To your knowledge?

A Oh, after he met Mrs. North --

Q Until he met Mrs. North in Philadelphia.

A He did not know, yes, did not know her.

Q But you did.

A Mrs, North, I have not, no.

Q But you knew North?

A Yes.

Q And at your request Mr. Zucker goes to Philadelphia to meet with Mrs. North on the --

A No, no, Mrs. North goes to Philadelphia to meet with Mr. Zucker. Mr. Zucker does business there. He has an attorney that deals with his activities in Fo$\overset{u}{\hat{r}}$way.

Q And had you spoken to Mrs. North about this possibility?

A I don't believe I have, no. I don't recall.

Q Well, --

A I don't recall.

Q To your knowledge who did? Did Secord speak to Mrs. North about this?

A I don't know that, but I believe, if I am not mistaken -- I believe what I told Zucker to say was that some people who don't want to identify themselves wanted to help out. I think that is the way I told Zucker to approach them.

Q In other words, to the best of your knowledge it was Zucker who approached the Norths.

A Effectively, yes.

Q Without any advance warning from either you or

Secord?

A I can testify about myself, about Mr. Secord I can't.

Q Did you ask Mr. Secord to --

A No.

Q To make contact with them?

A No, but I am sure he knew what I was doing.

Q Was it -- did you ask him not to make contact with them?

A No. I told him what I was doing.

Q What did you tell him, exactly what did you tell him?

A I told him that I am going to investigate to see if there is something we can do about this and I am going to ask Zucker to contact Mrs. North and find out what is what, whose who and if it can be done, if it is vi~~s~~able.

Q I thought that you said earlier that Mr. Secord told you it was -- that he didn't want to get involved in it.

A Yes, he --

Q Is that right?

A Yes, he said he thought I was crazy.

Q Did he ever tell you whether he spoke to North or Mrs. North about your proposal?

A I don't recall that.

Q What is the best of your -- what is the best of

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your recollection on that?

A I don't remember. I really don't remember.

MR. VAN CLEVE: If I understood your testimony correctly, you told Mr. Zucker that you didn't want him to identify who his client was; is that correct?

THE WITNESS: Yes.

MR. VAN CLEVE: So it is entirely possible to this day that Mrs. North would not know that you were responsible for having directed Zucker to meet with her.

THE WITNESS: If my instructions were carried out that should be the case.

MR. JANIS: Just a moment.

(The witness confers with his attorney.)

BY MR. NIELDS:

Q Does Mrs. NOrth have a profession?

A I don't know.

Q Did you ever ask?

A Ask her?

Q Or anyone?

A Well --

Q Did you ever ask Zucker or Secord or anyone else whether Mrs. North had a profession?

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A I believe one of the possibilities that we were reviewing -- it was not whether she had a profession. We were looking for a way to see if we could get her, and when he came to a dead end, that he -- I am talking about "He" being Zucker -- we talked about the possibility of maybe getting her to work somewhere.

Q For a real estate company?

A That was the -- that is not the way it went. It ended up there. I was checking with Bill if he had any possibility in Washington that we could get Mrs. North to earn some money, and he said the only person that he knew was a developer.

Q Real estate?

A Real estate developer, yes. That is how it came about. The last time that I talked about this Bill was supposed to come to the States and see if this man, talk to him and see if he could arrange for that and to the best of my knowledge that never took palce.

I believe that Zucker never got a chance to talk to this man to the best of my knowledge.

Q When you say never got a chance, I guess I should have asked when these conversations took place. Do you know?

A This is -- I would say this is sometime between August and October, August-September.

Q Is it your recollection that you first began discussing this with Zucker in August?

A No, no, no. I thought your question was in connection with the developer.

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Q When did you first start discussing with Zucker the possibility of paying for North's sons' tuition or daughters' tuition?

A That should have been late 1985 or early 1986.

Q When was the meeting between Zucker and Mrs. North in Philadelphia?

MR. JANIS: Can I --

THE WITNESS: I don't remember that. I think it was in 1986.

MR. JANIS: Hold on a second.

(The witness confers with his attorney.)

THE WITNESS: Yes, I did not get to meet North until the Frankfurt meeting.

MR. NIELDS: February of 1986.

THE WITNESS: Yes.

MR. JANIS: Do you want to correct your answer?

MR. NIELDS: I am going to get to that. Using that date as a guide post, when is your best recollection now that you first began discussing with Zucker a method of providing tuition for North's child?

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THE WITNESS: I remember, Mr. Nields, when I seriously focused on this thing, and that that was like I said when we started to become active about the second channel when I had gotten to know North. So the time span that I gave you this is pretty accurate, August,

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September, October, November.

MR. JANIS: For the record you had said 1985 or 1986.

THE WITNESS: We corrected that.

MR. JANIS: Now you are talking about it was late or mid to late --

THE WITNESS: I don't know when I started with the concept, but I am talking about when I really started to focus in on this and really push Bill to go after it. I cannot even remember when Bill met with Mrs. North.

MR. SABA: Mr. Hakim, could that have been in July 1986 when he went with you to Seattle?

THE WITNESS: I don't think so. No, it could not have been.

MR. NIELDS: You mean it must have been after that?

THE WITNESS: I --

MR. NIELDS: Or it must have been before that?

MR. JANIS: Can we go off the record for a second?

MR. NIELDS. Yes.

(Discussion held off the record.)

THE WITNESS: I don't remember that.

MR. WECHSLER: Back on the record. He doesn't remember that.

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THE WITNESS: First of all, I cannot remember the dates, okay, precisely. I understand that there may be some confusion that I have excluded the -- when I said I don't remember that I have spoken to North. I don't want that to constitute that I exclude the possibility that I did not mention it. I definitely did not discuss it. That doesn't mean that I did not mention it. The possibility exists, but I don't recall.

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Q When you say "mention it," you say you may have told him that you want to help him with his child's education?

A It is possible.

Q What is your best recollection?

A I can't remember, really. If I have told him, it must have been in a very indirect way. I don't remember that, honestly.

Q I take it you have no recollection of his refusing it, assuming that he took it as an offer, or discouraging you from pursuing it?

A No, I don't recall such a thing.

Q Now, I know that you can't be certain of the date when you first discussed this with Zucker and I think you have said that your best recollection is that it would have been August-September or---

A When I focused in on this.

Q Is that correct?

A Yes. That is when I think I started to really focus on this.

Q Here is what I would like you to do for us, regardless of when the exact date was that you first discussed it with Zucker, approximately how long was it from the time you discussed it with Zucker until his trip to Philadelphia in which he met with Mrs. North?

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A He did not take a special trip for this purpose, Mr. Nields.

Q But she did.

A No, no, I am talking about Zucker coming from Geneva---

MR. JANIS: He is questioning, did she take a special trip?

THE WITNESS: She went from Washington to Phildelphia yes, I don't know when she left.

BY MR. NIELDS:

Q But she made a special trip to see Zucker?

A Yes. Yes.

Q I am asking when did that occur in relation to the time when you first raised the subject with Zucker?

A What I am trying to say is my point of reference can't be Zucker's moves. I don't recall when Zucker went to Phildelphia so I can establish when Mrs. North went there.

Q But you know that Mrs. North went there because Zucker told you that, isn't that true?

A Yes.

Q All right. Now, there must have been a time when he told you that he had just met with Mrs. North?

A That is correct.

Q In Phildelphia?

A That is correct.

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Q About how long after this time that you first raised the subject with him was that?

A I don't remember, Mr. Nields.

Q Was it more like a week, more like a month, or like six months?

A Well, it is several weeks, I would say.

Q What did he tell you about his conversation with Mrs. North?

A That he collected all the information that he needed. Some of the information she did not have, and she was supposed to obtain additional information and that he would be talking to her again on the information when he was back in the states. That is the way I remember.

Q What type of information was he asking her for?

A I think he needed more information about the relatives, the family.

Q What type of information about relatives and family?

A I don't remember. He said he wanted to know more about who was who in the family and so on.

Q What was the purpose for his finding out more information about the relatives and family?

A To find a way to assist with the plan.

Q Was this, for example, finding out if there were other relatives who had jobs in which it would be easy to convey money to them?

A The general attitude is correct, but I cannot be that specific. You are setting the right direction, but I really---

Q In other words, more information about other family members to see if there was an easier way to route the money to the benefit of North's cnild?

A Without tainting North.

Q Without it becoming obvious that it had happened?

MR. JANIS: That is not what he said. He said without tainting.

THE WITNESS: Without tainting North. I didn't want to damage him. I wanted to help him. I didn't want to damage him. That is what I am trying to say.

BY MR. NIELDS:

Q When you say you didn't want to damage him, was it you didn't want it to be apparent where the money was coming from that went to the benefit of his child?

A Not -- that was not the spirit. That is not the spirit.

Q Okay, well just tell me then.

A The spirit is the man's family was going to pieces and I wanted to see if I could do anything to help out, not to add to it, the problem.

Q What was the risk of adding to his problems?

A If he was going to be accused of getting involved with some private enterprise for personal benefit that would very definitely have damaged him. And I didn't want that to happen.

I was not prepared to increase the already existing burden that he had.

Q Then I misunderstood something because it sounds to me from what you are saying, that you were looking for a discrete way to do it so that you would not injure him by establishing a connection between the private enterprise that you were involved in and the payment for the child's education.

MR. JANIS: Excuse me, I think what he said in essence was that he was looking for an appropriate way to do it, not a way to do it so he wouldn't get caught, but a way to do it so that it would be appropriate.

THE WITNESS: Exactly. That is what I am trying to sa

BY MR. NIELDS:

Q Then can you expand on your answer about the family members that you were, and information [redacted] about family members that you were looking for?

A We, I gave you an example already about the land developer, we first searched to see if it was possible to be done within the family, a similar approach. I don't know exactly what Zucker was contemplating, but it was -- I

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testified that the direction you set was correct. We were trying to see if we could find an appropriate way of helping out so you search within the family, the structure of the relatives and so forth, to see if you can find a way.

If you can't find a way there, then you go to the outside sources, such as the land developer. So the last time we talked about this thing was that there is nothing that we could do through the family and -- I even asked Zucker to make a phone call, I think. He said he was not -- I remember now -- said he was not planning to go to Washington but he promised me to call this man. I don't remember whether he ever made that call.

Q To a man in Washington?

A Yes.

Q Did he identify him?

A No, not to me.

MR. VAN CLEVE: Do you know whether Mr. Zucker might have asked Mrs. North not to say anything to Colonel North about the meeting?

THE WITNESS: I have no idea.

MR. VAN CLEVE: You don't know?

THE WITNESS: No.

BY MR. NIELDS:

Q What -- there is still something I am not understanding -- what would be an appropriate method for---

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A If we knew we would have done it.

MR. VAN CLEVE: I think what he said is -- that was the point, to see if there was an appropriate method. The net result was that Zucker said there was not an appropriate way to do it.

THE WITNESS: Not that he could think of.

BY MR. NIELDS:

Q But it was contemplated that he would pursue it at least with the---

A ---land developer?

Q With the land developer.

MR. VAN CLEVE: I am uncomfortable with the use of the word "an appropriate" here. I would like to know whether you instructed Mr. Zucker to find a way to do this that was legal or not.

THE WITNESS: Legal, would not taint, would not damage him.

MR. VAN CLEVE: But not simply to find a way to do it without getting caught?

THE WITNESS: That was not the intention. For instance, if there were provisions in the law that I could come up and say that here I am donating this without getting the guy into trouble, I would have done it.

MR. VAN CLEVE: I understand.

THE WITNESS: Okay. The idea was not -- we were

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not talking about such huge sums of money and I understood that---

BY MR. NIELDS:

Q How much money were you talking about?

A I don't remember what would have been the interest on $200,000, probably $14 or $15,000 a year.

Q Does the number $75,000 ring a bell?

A $75,000 a year?

MR. VAN CLEVE: A year?

MR. WECHSLER: A year?

MR. NIELDS: I didn't say a year, I said $75,000.

THE WITNESS: No.

BY MR. NIELDS:

Q That does not ring a bell?

A No.

Q That is not an amount of money you discussed with Mr. Zucker?

A Amount of money to be given for the school?

Q To Mrs. North?

A No. I did not talk about sums. We talked about taking care of the schools, the cost of the school.

Q The cost of the school for the four-year period?

A Maybe $75,000 would have come out for the duration. If you take five years at 15 that comes out to $75,000. But that is not my calculations. I gave you the figure per annum.

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Q Can you explain to me what was contemplated in connection with this land developer, exactly what role the land developer was to play?

A To see if, for instance, if she could have a part-time job working so she would add to the income so they could take care of it. That was the direction. And work there.

Q Was it ever discussed with Mr. Zucker that there would be a transfer of money from an account in Switzerland to an account of the land developer in Switzerland, in other words, an account of yours in Switzerland to an account of the land developer in Switzeralnd and a simultaneous transfer in the United States from the land development company to Mrs. North?

A No, no, that -- no, that is not the way.

MR. JANIS: Not that you know. Not that you are aware of.

THE WITNESS: These were not the things that I am aware of, but the thought was, I said, Bill, even if she cannot do it, do a darn thing, I don't know the woman, I don't know if she has any capabilities, but a lot of work is being done there. If the guy doesn't have an opening, cannot pay for it, we will pay for it. In other words, we paid the guy to pay her so she would work. I did not know the capability of the lady. I don't know the capability of the lady. It was---

BY MR. NIELDS:

Q But understand the plan in which if the development company did not want to pay her, in which case, you would pay her, how was that to be done?

A To pay the developer and he would hire her and pay her.

Q And how were you going to pay the developer?

A From -- just like I told you, from the interest.

Q But I mean how would the money be put into the custody of the developer?

A Mr. Zucker had to pay him.

Q Write him a check and send it to his bank in the United States?

A We didn't go that far into this. We were discussing the concept, Mr. Nields.

Q You never talked to Zucker about the manner in which the money would be gotten into the possession of the developer?

A That is his expertise, he knows the man, he did not even want to disclose the name of the man to me.

Q Did you discuss at least the fact that you wanted to do it in a way that would not taint North and his family?

A Definitely.

Q And by that you mean it would be done in such a

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way that it would not be obvious and apparent that the developer was being paid by you?

A You can reach to that conclusion, yes. But deep inside I was hopeful that Mrs. North had enough capability and I did bring this up, I said I hope to God that she can even bring in clients and collect the commission and really deserve -- I mean earn what she is doing. I don't know what her expertise might be, but we wanted to get her started, have a job so she would not be sitting home waiting for her husband to come home.

It was a plan that tried to save their marriage and get the kid to go to school, prime the pipe, if you will, to get it going. It was not something intended to do something dirty. That was the -- that was not the concept. That was not the idea.

Q I understand it was -- do something to the benefit of North's marriage and family, but I take it it was part of the concept to do something secret?

A Yes, that has -- that has been obvious from the testimony, of course.

MR. VAN CLEVE: Understand the arrangement with the developer, Mrs. North actually would not have known; would she?

THE WITNESS: She would not have known, definitely.

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MR. VAN CLEVE: She would never have known?

THE WITNESS: We even talked about putting an add in the newspaper and getting her to work. She would not have known.

MR. NIELDS: Let's mark this document as Exhibit No. 5.

(The following document was marked as Exhibit AH-5 for identification:)

COMMITTEE INSERT

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BY MR. NIELDS:

Q I am putting in front of you, Mr. Hakim, a document that has been marked deposition Exhibit AH-5. I will ask you to take a few minutes and read it. After that, I will ask whether it has anything to do with the transaction you have just been testifying about.

MR. VAN CLEVE: I take it the pencil marks are yours?

MR. NIELDS: Those are not original. No.

MR. SABA: What is the "H" number?

MR. VAN CLEVE: H-1646.

MR. SABA: I will get a clean one.

MR. VAN CLEVE: That doesn't concern us, but if you have an extra copy that would be great. H-1646.

MR. SABA; Yes.

MR. VAN CLEVE: Can we take about a five minute recess.

MR. NIELDS: Sure.

(Brief recess.)

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MR. NIELDS: Back on the record.

BY MR. NIELDS:

Q Mr. Hakim, you have in front of you a document which has been marked Deposition Exhibit No. 5.

A Yes, sir.

Q It has the words -- first of all, I take it you have had a chance to look at this document?

A Yes, I have.

Q And do you know what transaction it relates to?

MR. JANIS: First of all, do you know whose handwriting it is?

THE WITNESS: This -- I am pointing to the right part of this -- appears to be Bill Zucker's handwriting.

MR. JANIS: In the box?

THE WITNESS: In the box.

BY MR. NIELDS:

Q Initialled by Zucker?

A Yes. But this part, I have a little bit -- I don't find -- for instance, this is written -- what could be Bill's.

Q You are referring to Mrs. Belly Button.

Did you answer my question, whether you know what this transaction is?

A No. I don't even know if it is a transaction.

Q You don't know what it relates to?

A No, I really don't.

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Q Do you know who Mrs. Belly Button is?

A I believe this is the code name that Mr. Zucker came up for Mrs. North.

By the way, here it says Richard V. Secord, small fee. I don't know what this is.

Q But do I take it you have an actual recollection that Mrs. Belly Button refers to Mrs. North?

A Yes.

I refer to this name when we are talking about the interests of the $200,000 that General Secord asked me to set aside for death benefit. I think we talked about that at that time.

Q And does that mean that it was at that time that you or Mr. Zucker came up with the name Mrs. Belly Button for Mrs. North?

A Yes. I testified that we were joking about this thing, and caressing some. He came up in a joking manner with this name. I really don't remember the circumstances, how he came about -- sometimes he has a strange sense of humor.

Q But in any event, when he came up with this name of Mrs. Belly Button, and at the time he came up with it, I take it it referred to Mrs. North?

A Yes.

Q Is it your recollection that the name Mrs. Belly Button was invented by Mr. Zucker at about the time that you

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set the $200,000 aside for death benefits?

A I really don't remember how this whole thing, the name, developed. I think it started out buttoning up with the people when they die, and then we talked about the interest -- they came up with the belly button. I can't recall when all this happened.

Q It may be that the subject of the interest --

A Came at a later date.

Q And the name Mrs. Belly Button came up a little bit later?

A It is possible, yes.

MR. JANIS: Again, if I understand the spirit of this deposition, which is to try to get to the bottom of things, my recollection was that the button account was set up with $200,000 around May 20th of '86.

MR. NIELDS: Right on the nose, right on the button.

MR. JANIS: Was it May 20th of '86?

MR. NIELDS: The 20th.

THE WITNESS: It should have happened before. When it carried the name Button, I don't remember. But there was the set-aside -- Zucker should have set that aside when Secord asked me to set aside the death benefit monies. When the name was allocated to that could have been at a later date.

MR. JANIS: This document, H-1647, was included in the documents provided by Mr. Hakim, correct?

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MR. NIELDS: Yes.

MR. JANIS: And that indicates that a transfer was made on May 2nd, 1986, from Republic National Bank to STTGI; is that correct?

So that was three weeks or almost three weeks before the money was put in the button account.

MR. NIELDS: Before it was put in a capital account.

(Discussion off the record.)

MR. NIELDS: Let's go back on the record.

I just have a few more questions on this.

BY MR. NIELDS:

Q Did Secord ever indicate to you that the $200,000 transfer into the button capital account was money set aside for North?

A He didn't come up with the name of button capital account. To the best of my recollection, that money was set aside for death benefit.

Lou has raised some other issues now. I am completely confused about the other figures that he talked about.

If you recall, I earlier said that I thought that idea of assisting North's family with the educational plan was late '85, and then we went through analysis that I didn't get to know North until early '86. Do you recall that?

All these are confusing me more, and they lead me to

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believe that it is very possible that Mr. Secord instigated the idea of coming up with the educational program, and that could indeed have happened in '85, as I originally thought the case would be. So I have a lot to think about now.

You mentioned that there is another $250,000 that was set aside. Can we go back to that and see if that could help me to come back to see what this button thing is? Can we look at that number and the date?

Q I show you the various numbers that we have and the various dates. There is $250,000 that went into your capital account in May of 1985. I take it that, to the best of your knowledge, that doesn't have anything to do with either death benefits or North, either one or the other.

It is May of '85.

A And this, the button account, was what date?

Q May of '86.

A I see, a year later.

Q Who were the death benefits supposed to be for? Who might die?

MR. WECHSLER: You are asking for what he was told?

THE WITNESS: It is a good question, Mr. Nields.

(Whereupon, at 7:15 p.m. the deposition was adjourned, to reconvene at 10:00 a.m. on Monday, May 26, 1987.)

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COPY NO 1 OF 2 COPIES

DEPOSITION OF ALBERT HAKIM - Continued

Monday, May 25, 1987

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U.S. House of Representatives,
Select Committee to Investigate Covert
Arms Transactions with Iran,
Washington, D.C.

The Committee met, pursuant to adjournment, at 10:15 a.m. in Room H-139, the Capitol, Mr. John Nields presiding.

On behalf of the House Select Committee: John Nields, George Van Cleve, John Fletcher, Joseph Saba, Robert Brink, Ronald Points, Nichlas Wise.

On behalf of the Senate Select Committee: Arthur Liman, Cameron H. Holmes, Timothy Woodcock, Louis Zanardi, David Faulkner, [redacted] Paul Barbadoro, John Monsky.

On behalf of the witness: N. Richard Janis, Lawrence Wechsler, and Clement R. Gagne, III; Janis, Schuelke & Wechsler, 1728 Massachusetts Avenue, N.W., Washington, D.C. 20036.

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by K. Johnson, National Security Council

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Whereupon,

ALBERT HAKIM

having previously been sworn, testified further as follows:

EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

BY MR. NIELDS:

Q Mr. Hakim, this is a continuation of your deposition which is, I guess, the beginning of the fourth day of it.

A Is this the fourth or fifth?

Q Fourth, I believe. Friday, Saturday, Sunday, and today is Monday.

Overnight, have you had a chance to consult your memory and also a few documents to help refresh your memory in connection with the transaction in which you were proposing to see if you couldn't find a way of getting some money for the benefit of Mr. North's child's education?

A I didn't have access to any documents, but starting 4:30 this morning, it was very hard to do that last night, so this morning at 4:30, I tried to go over the events as closely as I could and still may have a little difficulty with some of the dates. I'm hoping to get some assistance here, too, to get those dates straightened out; but I think I have a reasonably good recollection now how things might have happened in connection with the desire to assist Mr. North's child.

If you would be a bit patient with me, I know you lawyers like to go through facts quickly, but it is important

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that I clarify a number of issues that were raised during the past three days' testimonies. I think I can sum all of those up today.

At one point, I talked and almost insisted that they should have been set aside for death benefits; and I believe I testified that that was in late '85. And then when we tried to relate that to the $200,000, the so-called Button set aside, and the dates didn't relate, you recall that, then this document that you have in front of me that has to the best of my ability, has Mr. Zucker's handwriting on it --

Q That is Exhibit 5?

A That is Exhibit 5.

MR. JANIS: Did you make me a copy of that?

MR. SABO: We'll get you a copy when we get into the office.

BY MR. NIELDS:

Q Go ahead, Mr. Hakim.

A Okay. There were three statements also yesterday to -- at about the same time, one made by yourself, the other one by Lou, and an earlier statement by yourself, Mr. Nields, that I made note of those in my mind and those statements were whose death benefit you asked. And Lou brought up the subject of is it possible that the $250,000, and he referred to a certain entry in the ledger, that would be the set aside for death benefit.

And earlier yesterday you had raised the -- in connection with the dates that the set aside had anything to do with Mr. McFarlane's trip to Tehran, and my understanding of the question was that if the $200,000 was set aside for a group of six people, our delegation, I believe had that many people in it -- went to Tehran -- and my answer was well, for that, we were ready to attack Iran and our forces were sitting ready.

Taking all these with me home and trying to reconstruct the events to the best of my capability, the following is my summation:

That I believe I'm right in having received from General Secord sometimes in '85 to set aside a sum -- could have been $200,000 or $250,000 -- I cannot be very precise about that -- for the benefit of the people in the field in Nicaragua initiative. That was the reason for my saying there was such a set aside. And the records indicated that the Button account was established I believe sometime in May, Mr. Nields. Was that?

Q There was a transfer to the capital account in the name of Button on May 20 of 1986.

A Okay. So that in short is the following, that there should be from one of those entries that we have, should represent the first set aside for the death benefit of the contras. The Button account was another set aside for death benefit, and this is where you helped me to remember and asked who was going to be the beneficiary; and that was North's family. And the way this thing evolved, and I'd like to emphasize it was an evolution, and it was not a meeting or a discussion. That I believe it was during -- I have been hearing indirectly about Oliver North from the very beginning of my association with these two projects; and I didn't meet him until February of '86. And I learned about the gentleman more, and I became more and more fond of him, and I got emotionally attached to him, still am.

He never at any time had any meeting with me or I a meeting with him with the presence of anyone else, including General Secord, to set aside any money for his benefit. There was never such a meeting.

However, during the very sensitive and I would say also emotionally sensitive period of planning the trip to Tehran, and I believe also at the same time the [redacted] [redacted] projects were brewing. Those -- that period of time was very, very touching, sensitive for us because we were all in such a frame of mind that we may lose our boys in one of these events. It was really sort of one -- they were getting ready to leave, it was sort of a farewell, and we were not sure what's going to happen to them.

There were remarks, statements and in different periods of time that Ollie made using the four-letter word that he didn't care about his life, he's a soldier, he's ready to die for his country; and he maintained that position throughout. But he had a lot of concern about his family, concern about what's going to happen to them if he dies, gets killed, gets kidnapped. There was concern about what would happen if they get a divorce and the family would break up. All these things were happening during that time.

Q And these were discussed with you, I take it?

A I was present.

Q This was in Virginia or at the White House, the Old Executive Office Building? Overseas?

A Could have been -- I think mostly overseas. It could have been some in the states. That's why I chose the terminology, "evolution." It was not one meeting that we sat down and discussed marital and family problems of Oliver North. There was no such a meeting. It was just various events during various meetings.

During this tense period of, I believe we have identified to be May came about, and I had earlier discussed sometimes in the spring of '86, I can't remember when, with Richard Secord. I initiated the discussions, to the best of my recollection. I did. I had concern about Ollie, I said. I think we should do something about it.

He said what do you mean. I said well, I think we should have -- we should take care of his kids, and we should take care of -- in case he gets killed, we have done this for the contras, why can't we do it for him? He said what do you have in mind? I said I'd like to set aside $500,000 to use for this initiative. He said you are out of your mind. You don't understand a soldier's life. These kinds of money absolutely are not acceptable to me; there are benefits from the government and so on. What about the income from the $200,000 set aside?

He accepted that, but again when I started to tell him what my plan was to put this money to use, that was when he divorced himself from further discussion and said that he didn't want to hear anything about it. He said the bottom line is -- so the bottom line is he became aware that I was setting aside the $200,000 --

MR. VAN CLEVE: This is Secord?

THE WITNESS: That's Secord. Oliver --

MR. JANIS: Just keep on. You became aware you were setting -- he became aware you were setting aside $200,000. Finish that.

THE WITNESS: And he was -- he didn't want to have anything to do about knowing how I was going to operate that set aside. That was when I sat down with Mr. Zucker to put this package together.

If I may divert a second from this discussion and also interject that I believe this occurred during the time that I had involvement in connection with the May events in a logistical manner. In other words, I was stationed, if you will, in Geneva for approximately two weeks; and this was more than any any other time that I could spend in one place at a time, because I knew I was going to be spending that much time there; and like most of the time that I would stay in a hotel, I had rented a furnished apartment in Geneva.

I was also equipped with a KL-43 during that time, which I had not, by the way, learned to use. As they put it, they walked me through it as it became necessary to use.

And this was also the period to the best of my recollection that the DEA gentleman came to visit me in my apartment and pick up the $30,000. This was also the period that Tom Clines came to that apartment and got his instructions from me that was passed on from, I believe, Tel Aviv from Richard to me and then he took a shower and I believe I had arranged for transportation for him, private transportation.

I can't remember the details of that at this time. [redacted] The DEA people were there, and I was coordinating the events [redacted] which Tom Clines was effectively managing.

MR. JANIS: Excuse me for a second.

Can we go off the record?

(Discussion off the record.)

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BY MR. NIELDS:

Q This is all part of a piece. I would like to hear the whole thing.

MR. JANIS: Okay.

MR. NIELDS: Thanks. I understand what you are doing, but I think I want him -- want to hear him tell the whole story.

MR. JANIS: Okay.

THE WITNESS: So I was coordinating from Geneva with Secord, with Tom Clines, and also with the boat, our famous ship, spending day and night up doing this, using the KL-43.

It was during this period that I believe I held serious discussions with Mr. Zucker to put some life into this Button account. And this was, I believe, the period that he talked about the land developer, and I made it very clear that -- to Mr. Zucker that this was intended for helping with the education and hit two birds with one stone, also to be a set aside in case of Ollie's death.

This document that you have put in front of me, Exhibit 5, it really in no way helps me to be precise whether there has anything to do or not to do with the events. I see on this thing boxed separately this -- the telephone number with the name of this gentleman or whoever, Ogden; telephone number; $15,000; and then I see separately a note, "RVS" -- "R. V. Secord, small fee." Then in a separate

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circle, I see $15,000 wired to STTGI. I cannot really in my mind say if this exhibit relates or doesn't relate to what I have explained. It may, it may not.

BY MR. NIELDS:

Q I take it the thing that would point you in the direction that it somehow would relate is the use of the phrase "Mrs. Bellybutton."

A The phrase "Bellybutton." The only significance this document has for me is that I discussed with Mr. Zucker the developer method that I explained yesterday.

Q I am sorry. I want you to be able to tell your story uninterrupted in the main, but how does this document help you fix the time when you talked about the developer?

A Because in this box with the arrow saying Mrs. Bellybutton, the arrow pointing to this, and the 15,000, and I -- even without having had the chance of looking at the figures, I told you that roughly I thought the interest on $200,000 would be something between $13- to $15,000. And that's what I remembered. That's why in my mind I relate them.

I must also add at this time that when Oliver North was making the kind of remarks that I heard he testified, I did not tell him that I had established an account or intended to establish an account; however, I did tell him that Ollie, ~~your~~ we're one family, any of us who would stay alive would look after your family. I don't want you to worry about that. And tears came to his eyes. So to mine. And living that, tears come to my eyes again. It was a very tense period; a very, very tense period.

We had our boys spread out all over the world amongst maniacs, crazy people, the boat. It was really terrible.

Anyway, coming back to the type of information that you need for your deposition here, I did not tell or share with North that I was planning to set aside a $200,000 death benefit for the -- under the account named Button. This was created between Zucker and I, but I did tell him that ~~you~~ we are one family, and he needs not to worry. I hope I answered your question.

Q Good. I'm going to -- I have a few more questions I want to ask you about. The word, "Button," I think on the first day of your deposition, you gave two or three different answers about what it meant. Now the record, the transcript will reflect what you said and I may be mis-recalling it, but my memory is that the first thing you said was button, button up. Then you made a reference to bellybutton, something about pushing a bellybutton.

A I said you had -- it had to do with the wives, if you recall. At that time you were not getting into the --

Q Which came first in your recollection, button or bellybutton?

A I cannot be sure, Mr. Nields. I really cannot be sure.

Q What was the derivation of the word, "Button," to the best of your recollection?

A It could have started bellybutton, and then we shortened it to button, and then maybe B. Button. It all could have happened at the same time. I really don't know the exact sequence of events, but I also testified that Bill Zucker sometimes has a funny sense of humor.

The idea that he was putting across is if something happens to Ollie, somebody has to go and caress and comfort Mrs. North. That was what he was trying to put across. That was his choice of word type. There was no pre-- you know, scheme to come up like, for instance, C. Tea. That was a design. This has absolutely no architectural thought behind it. It was something that came out in our discussions, and we used it.

Q When do you -- again with your refreshed recollection when to the best of your recollection did the meeting in Philadelphia between Mr. Zucker and Mrs. North occur?

A I really cannot be sure. It could even have happened before then. Could have happened before we set up the account. Or after. I really have no recollection.

Q Well, again I don't want to push you into a recollection you don't have, but I would like to make sure that I've asked you all the questions that might help you refresh your memory.

The way you've described it, it makes it sound as though this idea came about as a result of the intensity of the concern that you had for Mr. North during the period leading up to the trip to Tehran.

A That's wrong.

Q Well --

A That's when I became operational about it. I testified that I have been hearing about these problems even prior to the time that I met Mr. North through Secord, who North was, what was happening, and so on. He was telling me quite a bit about him. That was the time that I really -- you know, I said it cannot be an idea any more. It has to happen. Because we were becoming operational.

Q So that you had the idea sometime earlier that you wanted to help out North's family?

A With the kids, yes.

Q And then you actually took steps to do something about it in the period in May when you were stationed in Geneva right before the trip to Tehran?

A Right. And this is in line with my earlier testimony that I -- for the benefit of the kids, I wanted to use the interest from the set aside. That created the confusion in my mind until Lou brought up about there being two set asides.

That is also another possibility that was proposed this morning to me that I cannot -- I don't remember. Whether by the time that the -- we created the account "Button," but it was the very same set aside for the contras that we just changed the beneficiary of it. This was a question -- this question was raised by one of my lawyers. I said it's possible. I don't remember.

Q But you are saying there that it might have been the very same $200,000 amount and that you changed the beneficiary from the contra, people working on the contra project to Mr. North?

A Yes. Because by then we had enough ~~moneys~~ monies that we intended to use for the contras. That's -- you know, that's a logical approach. I don't know whether I thought of it, whether I did it. I cannot be sure. The documents may help us to see if there are other set asides.

Q My recollection again is that yesterday you said something to the effect that there was an idea of going to this contractor in the U.S., having Mr. Zucker go to him?

A A developer.

Q Developer. And that that never happened. That you never got around to doing it? Or something to that effect? Is that correct?

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A I -- that is my testimony. The answer is yes.

Q And then my question is going to be to the best of your memory, why wasn't that -- no one ever got around to approaching the contractor?

A I remember a definite discussion that I had with Zucker when I urged him to do that by phone. He said such things you don't do by phone. Whether the reason it did not take place is because he didn't go to the States, I really don't know why he didn't. I never asked Mr. Zucker how he approached Mrs. North, what they discussed, the details. I had a general understanding that he was searching to understand the structure. I tried -- effectively, Mr. Nields, I was trying to create a situation that Mrs. North would become, if you will -- I'm talking about a character that's not my expertise, to become a client of a lawyer, i.e. Mr. Zucker.

I didn't want to know what went on between them. So I wanted to generate the idea, leave it up to them to deal with. So I didn't ask too many questions.

Q Is it consistent with your recollection that the developer was never contacted because you ran out of time, so to speak? In other words, the publicity started and things started falling apart and that's the reason the developer was not contacted?

A Well, if this is the case, then I don't know how to cover between May and November.

Isn't it clear that I said I don't know if Mr. Zucker did contact or did not contact the developer? I think I testified to that, that I don't know.

Q My understanding of your testimony is that you don't know, but your general impression was that he never got around to it?

A Yes.

Q Is that correct?

A I don't know. Yes. Exactly. That's correct.

Q What is your best recollection of the -- I take it yo had a number of conversations with Mr. Zucker on this subject? Both before and after the time when you actually set up the set aside?

A That's correct.

Q What is your best recollection of the span of time covered by those conversations?

A It could be months, span. It could have -- the best way that I can restructure events in my mind was that the issue of the school came about first and then came the issue of the --

Q Set aside?

A -- death set aside -- death benefits set aside. That's why I have been saying -- talking about the interest of the death set aside. It's very possible a discussion

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I had first related to the interest of the death benefits set aside of the contras to use for that purpose. That could be the confusion -- the confusing issue.

Q Am I understanding your testimony correctly that after the trip to Tehran, the set aside remained in place for the benefit of Mr. North?

A For the same purpose.

Q Do you have any recollection of a time when you discussed with Mr. Zucker the possibility of making a lump-sum transfer to Mrs. North in the approximate amount of $70,000, $75,000?

A I cannot remember such a discussion. I do remember saying that that is how much it would have cost to put the kid through school, but to make a lump-sum transfer, I don't recall such a thing.

Q What is your -- I would like to just ask that in an open-ended way and have you tell us everything that comes to your mind on this subject.

I take it that your recollection is you never specifically discussed with Mr. North precisely what you were doing?

A That is correct.

Q And I take it from your testimony yesterday that you have no reason to believe that Mr. Secord specifically discussed what you were doing with Mr. North?

A That is a logical conclusion, because he didn't want to know what I was doing.

Q You never asked him to do it?

A No. I definitely did not.

Q And he never told you that he did it?

A That is also correct.

Q And he never told you that he was going to do it?

A That is also correct.

Q So if he did it, if he did it, it was totally without your knowledge?

A And -- the answer is yes, and if he did it, it would be very much unlike him.

Q I take it then the most that you told Mr. North on this subject was what you testified to earlier, that you were all one family and that if anything happened to him, you would look after --

A Anyone who would stay alive, look after --

Q His family?

A -- his family, yes.

Q Now, what -- can you tell us everything that you know on the subject of what Mrs. North was told about this arrangement?

Make sure that as you do --

A You mean by Mr. Zucker, you mean? I haven't spoken with Mrs. --

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Q I understand.

You had no conversations with Mrs. North about this?

A No.

MR. JANIS: Do you know anything, do you know anything Mrs. North was told?

THE WITNESS: No. No.

BY MR. NIELDS:

Q Did Mr. Zucker -- I guess I want to ask this in an open-ended way. What did Mr. Zucker tell you that would bear on the question of what he told Mrs. North?

A Not more than what I have already told you. He tried to examine the family structure of Mr. and Mrs. North, the relatives to see if he could use someone within the family for that purpose.

He either did not get the information from Mrs. North or there was no such a candidate. That is how he started to look outside of the family. That is the only thing that I recall that Mr. Zucker told me in connection with this.

Q And what, if anything, did Mr. Zucker tell you on the subject of what he told Mrs. North about the source of the money?

A Well, I asked him not to identify me. I cannot testify if he followed those instructions or not. I really don't know.

Q Did Mr. North know Mr. Zucker?

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A I cannot recall -- when you say KNOW, you mean meeting him?

Q That is my first question, yes.

A I cannot recall that they have ever met. I am searching through my mind, seeing if they met in the States. I cannot recall the case as such. I cannot recall Mr. North -- we had one or two meetings with the Iranians, the second channel, in Geneva.

I cannot recall if there was a need or an occasion for him to meet Mr. Zucker then. I can't remember that. Definitely, there was no meeting in Frankfurt. We had a few meetings in Frankfurt with the Iranians.

I cannot recall Mr. Zucker meeting Mr. North there. I just -- I find it very out of regular.

Q Did Mr. North know who Mr. Zucker was?

A Definitely.

Q Now, again I don't want your -- I am going to say something to you, and I only -- my only question is going to be whether this refreshes your memory in any way. Okay?

A Yes.

Q But your lawyer asked us yesterday if we knew when Mr. Zucker was in Philadelphia.

A Yes.

Q We have information -- again, I don't want this to put something in your mind; I only want to confront you with it to see if it refreshes your memory, that he was in Philadelphia in August and September of 1986 in connection with "Forway."

A Yes.

Q Does that ring a bell as the time when you learned that he had met with Mrs. North?

A I still cannot be specific, but the dates -- but the issue of "Forway," that is important for me, because I know he was in Philadelphia, and I so testified.

Q Yes.

A That he was there to take -- he was seeing his lawyer in connection with "Forway."

Q With "Forway" at the time he met with Mrs. North?

A Right. He did not make a special trip. He was there and that was convenient, that is how they organized it. If that is the date, then it is consistent that I was concentrating on the issue of the education prior to concentrating on the death benefit.

Q This would be September, August-September of 1986?

A 1986? Still falls within the time frame.

Q Just -- I think you were answering as I was asking, so I want to make sure the question gets clearly on the record. You don't have any -- this doesn't help you refresh your memory as to the time, but you are able to say that you recall that Mr. Zucker met Mrs. North in Philadelphia when he was there in Philadelphia for the purpose of handling some "Forway" business

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A That is correct.

Q Is there a will or some equivalent kind of testamentary document in connection with the $200,000 set aside for North?

A You mean that I prepared?

Q Or that you are aware of?

A No.

Q Is there a -- to your knowledge, is there a separate fiduciary agreement between North and Zucker or Mrs. North and Zucker relating to this $200,000 set aside?

A I am not aware of it at this point.

Q Did you have a chance between the last -- yesterday's deposition and today to discuss any of this with Mr. Zucker?

A No. Definitely not.

Q Or anyone else to refresh your memory other than your lawyers?

A No.

Q Did CSF or Zucker or you, to your knowledge, involve either of the Norths in any real estate deal in Arizona?

A I don't know; no.

Q That doesn't ring a bell at all?

A No.

MR. VAN CLEVE: I have a couple of follow-up questions.

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EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

BY MR. VAN CLEVE:

Q There are a couple of things about this situation that I don't think I understood from the testimony both yesterday and this morning.

You told us that you first became aware, at least I think you told us, that you first became aware that North was having personal problems through Mr. Secord; is that correct?

A That is correct.

Q What exactly did he tell you about North's personal problems?

A Well, it was talking about all of us, all the wives. Mr. Secord was not far from also separating from his wife either, you know. It was -- we were talking about the pressure of all these on all of us, in that context it came about.

Q He said there was a lot of pressure on North, did he?

A Yes.

Q And did he -- what did he say about the effect the pressure might have on North?

A You mean as far as Mrs. North is concerned?

Q Mrs. North, or the way it was affecting North's performance of his job, or his relationship with Secord, or anything like that? I mean, I assume when this was first brought up, it was really bro [illegible] business matter; and

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Secord is telling you we are dealing with North, North has a problem.

A Business matter?

Q In connection with the -- I gather it would have been in connection with the operation you all were involved in.

A No. No.

Q That it would have come up?

A No. That is a misunderstanding. It came about as sort of the talk about how to let out steam. We are -- you know, we are so deep in this and we are working so hard that it is affecting our families. And has affected North's family and wife more than anyone else because he's never home, doesn't eat properly. His wife has had it.

Q That is -- I understand that. That is a very legitimate human concern. What I am trying to get at is did General Secord draw any conclusion from that about North's performance that it might be affecting the way he was doing his job, or his decision making, or anything like that?

A Oh, now we are moving away from the family, coming to Mr. North?

Q Right.

A Oh, I see. I am sorry.

Q No. That is okay.

A He regularly made remarks about North's abilities and the way he performed. He was at all times -- Secord -- so

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was I, amazed as to how this man could function under all that pressure.

I believe he worked on two, three, four hours of sleep and maybe one meal a day, maybe. That was -- he only -- we talked about it. He is an amazing man, so devoted. He doesn't care about -- I specifically remember that at one point I suggested to him to go through the same health farm that Secord and Tom Clines went. He thought I was nuts. He did. I know how much he wants to take his -- I believe it was his son-- I really haven't met his family -- mountain climbing, something.

He said if I could find him, I would take my son mountain climbing or whatever it was. He is an extraordinary man. I haven't seen anything like him.

Q I guess I can be a little more direct. I do not want to put words in your mouth, but was the concern ever expressed to you that unless something was done about the pressure that North was experiencing, he would crack up? He would have an emotional breakdown of some kind?

A Oh, no. Never.

Q You never heard anything mentioned like that?

A Never.

Q By Secord or anyone else?

A No. If I would have heard this from anyone, I would have challenged him. Because I was -- I was present

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under very, very tense moments, hours. When I say hours, I am talking about 10, 15, 20 hours, that what I saw from the tapes of hearings, that is chicken feed compared with the times that we went through, especially with the second channel.

And how that man operated, I just -- he is all, by the way, taped and recorded. He is an amazing man. There is no question. If anyone would have come told me he is cracking up, I would have definitely objected to that judgment.

Q So that was not the purpose of trying to help North out?

A No.

Q Was it to avoid that kind of problem?

A No. No. It was solely emotional. It was basically -- he was and is a soldier through and through. He loves his family, but, you know, he is obsessed with getting killed for his country. Honestly. I think he is searching for a way. I may be totally misunderstanding him, but the man is prepared at any time to give his life.

To him, that is the greatest thing that can happen to him. So he is -- he is a very unusual character. A man like this will never crack down. He has so much love for his country and so much love for people. He has demonstrated that.

In addition to that, he is very religious. One thing that never stood in his way -- I know that from personal experience, if I ever called him Sunday morning, he was getting ready to go to church, by God he would call me names. He would.

Q I think you told us yesterday that when you told Secord that you wanted to try to help North, he didn't want to get involved in that; is that right?

A When I told him -- started to tell him how I wanted to do that, he said, "Leave me out of it. I don't want to know about it."

Q Why is that?

MR. JANIS: He can't know why Secord would have said that.

Do you know what was in Secord's mind?

THE WITNESS: I can speculate.

MR. JANIS: Okay. You can speculate.

THE WITNESS: The total -- please forgive me. I heard this morning a remark from my attorney that Mr. Nields has to listen to me for a long time to get a few ounces of information, and that immediately gave me an idea that maybe we can turn that into a business venture because --

MR. JANIS: You don't need to go into it.

THE WITNESS: I want to. I want to. Sometimes when I talk, they say, "Well, you didn't put the point across. You didn't talk enough."

Sometimes when I talk, they say, "You are talking too much." I don't know where in the hell to draw the line.

MR. JANIS: There was a question here.

THE WITNESS: What was the question, sir?

BY MR. VAN CLEVE:

Q The question was, if you know, why did General Secord not want to get involved in your efforts to help Mr. North?

A So you have to be patient with me to answer that question.

Q Apparently so.

A I believe it had to do with the total concept of the structure of this unusual operation. It was a situation that everything was a known secret. They didn't want to know, then they wanted to be able to say they knew. It was business; it was government. I testified to that.

It was -- it was genetically the same reason. That is my speculation. I don't know why Mr. Secord said that.

MR. VAN CLEVE: Okay. I don't think I have anything further on that.

Thank you.

EXAMINATION ON BEHALF OF HOUSE SELECT COMMITTEE

BY MR. NIELDS:

Q I would like to pursue that. I intended to earlier and I forgot.

I think you testified today that you originally proposed a $500,000 set aside?

A That is to the best of my recollection, yes.

Q And that Secord objected. I think you said what he said to you was you don't understand a soldier's life and something about it being money from the government.

Can you be a little more specific about what his objection was?

MR. JANIS: Just for the record, I think what he has testified to was that General Secord said you don't understand a soldier's life; at any rate, there are benefits he would receive from the government.

BY MR. NIELDS:

Q Is that correct?

A That is correct.

Q I see. Okay.

Was he objecting to -- at that point, was he objecting to the quantity of the money or was he making some other kind of objection?

A There is no question that he was objecting to the amount. Then he also knew my feelings about the situation.

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What really constituted his objection, I think -- I cannot speak for him.

MR. JANIS: Wait a minute.

Make that clear.

THE WITNESS: The bottom line, I testified earlier that he did not object to the $200,000. I am on the record for that, but I can -- I don't know what his motivations were, but he agreed to the $200,000 and he did not agree to the $500,000. That I can tell you.

BY MR. NIELDS:

Q Okay.

MR. JANIS: Are we through with this area?

MR. NIELDS: I think so unless someone wants me to ask this question.

MR. JANIS: Can we take a short break? Maybe you can get him some coffee.

[Brief recess.]

LDD ends/#1a

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MR. NIELDS: Let's go back on the record.

BY MR. NIELDS:

Q Mr. Hakim, I would like to ask you some questions now on the subject of the Iranian initiative.

I think maybe the best way to go about it is for you simply to tell us how the Iranian initiative first came to your attention. You did this to some degree yesterday, but we might as well cover the whole subject now.

A It first came to my attention when General Secord felt that he needed assistance in dealing with Mr. Ghorbanifar and basically trying to locate him. He had a hard time to deal with the people in Paris, calling them, trying to understand where he might be, and so he asked for my assistance and I managed to locate where the gentleman was and passed information on to him and then he would contact him and talk to him.

That's how it started. And then --

Q Your recollection is that at this point in time, Secord was in this country, not wandering around Europe?

A That's correct. That's correct.

Q And your best recollection is this was late 1985 or very early 1986?

A That is correct. That's also correct.

I became more involved when I was in -- I believe I was in Geneva and General Secord called me. He could have been in the States. I'm not sure, or he could have been in another

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location outside of the United States when he called me and said that if I would be willing to assist with the translation, because they have been unable to get a suitable person for that purpose.

Q Let me just stop you there. At the point at which it was discussed with you that a translator was needed, what did you then understand the Iranian initiative to consist of?

A My understanding was -- and later on it was substantiated that the United States was seeking a way of reestablishing relationship with Iran. That was my understanding of it. At that time there was no issue of hostages, weapons as such discussed with me.

Q Okay. I want to ask you this question, then: Were you -- I take it there were various kinds of contributions that were made into the Lake Resources account for the benefit of the contras that you were aware of?

A Yes, sir.

Q Were you told who had made the contributions?

A No. Never.

Q In no instance?

A Not that I can recall.

Q Just to make sure I have this on the record accurately there were at various times in '85 and '86 at least three, $1 million deposits --

A Oh. Oh. When you say contributions, I immediately

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focus on the contras. Is that what your -- what's our point of reference? Are we talking about Iran now or talking about contras?

Q I am not certain -- I am talking about three, $1 million deposits and I'm asking you whether you were aware at the time those deposits were made -- they are reflected in the records that you provided to us. What did you know about where that money had come from?

A I had no idea.

Q All right.

Now, you were about to say in connection with the Iranian initiative, you were aware of the source of certain monies?

A When I -- I was aware when the monies -- at a later date, that monies were paid for purchase of weapons. You said contribution. I attributed that to the contra effort and then you said monies received --

Q To pay for --

A Then I made the distinction that monies received -- that I was aware that it came for the purchase of weapons.

Q Okay. But other than the monies that came for the purchase of weapons, you didn't know what the source of the contributions were?

A That is correct.

Q And -- okay. Let's pick it up with where I interrupted you. I think you were saying that at the time you were asked for a translator, that you understood there was an effort to reestablish ties with Iran and you didn't know anythin about arms or hostages then?

A That is correct.

Q Okay.

A I basically accepted to help with this effort under objection because I have testified earlier that I do not find Mr. Ghorbanifar a person that I like to be associated with. Richard explained to me that they had failed to get any other interpreter, and I said, fine, if this is the case, I'll be more than happy to assist.

Then he immediately wanted me to make reservations at the hotel at the airport, [redacted] in Frankfurt and be there earlier and expected the group to arrive. So I did so. Finally, the people arrived from various places and we were sitting, Richard and I and I believe also the CIA official or he could have come together with Ollie, I don't remember, but there came a time that for the first time I got to be introduced to Oliver North and the CIA official.

Q This was in Frankfurt?

A This was in Frankfurt in the room of Oliver North.

Q Was there an issue about -- that had arisen earlier about whether you would appear in disguise?

A Well, no -- this -- when Oliver North came in and then -- with the CIA official, Richard and I, he started to -- the first time say, okay, I was brought into this cold, what am I supposed to do, what's going on, I'm not prepared; and then I was aware of the earlier attempt of General Secord to bring me into this and Mr. Ghorbanifar had very seriously objected to that.

And so there I'm sitting there and said to the group, I certainly would remember Ghorbanifar. There is no reason that he would not remember me. So how do you want me to go into this meeting.

So they turned to the CIA official and said, do you have somebody that can disguise Albert, and the guy said, by the time I go through the bureaucracy, it will be the end of the meeting.

So Oliver North turned around to me and said, I've heard from Richard that you're very resourceful, why don't you go and disguise yourself. I said, thanks.

So I left the hotel, came down to the concierge, said I need to buy a gift for my father and I want to get a wig for him. Where is the best place to go?

So a lady is looking at me, said -- gave me a couple of addresses, recommended one. I got a cab. I went to the place and the lady started to go through all kinds of salesmansh to sell me the best wig and if I wanted to swim, I didn't want to swim, and I'm sitting there knowing that the meeting is going

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to start very soon and I cannot -- lady, let's get on with it, I don't give a damn, just give me a wig.

So she goes and brings me a number of wigs to select from. This has that advantage, this one this. Finally, to make a long story short, I said, this is beautiful, just let's try it on. And so we tried it on and I looked at myself, I said, oh, this is not good enough. I said, I don't like the style of this. Do you have a barber? They sent me to the basement. There was another lady. I said, I would like my hairdo in this form. We managed to shape it in such a way that it didn't look like me.

And I normally don't wear eyeglasses, but I have a pair of folding eyeglasses that I carry in my briefcase. I put that on and walked into the room and those three guys were just shocked, amazed. They didn't think that there was a chance for Ghorbanifar to know who I was. So I was prepared. The funny thing was that by then the Israeli agent also came in. They briefed me a little bit, what was going on, what was expected of me to do, and they told me this was an acrobat. I was supposed to be two places at the same time, translating. Of course, the final decision was that they were going to hold a political meeting and they were going to hold a military meeting and these two meetings were in two different hotels; and one interpreter.

So we managed to get around that so I would rush from one

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meeting to the other; but the strange thing to me was that the Israeli agent comes in and -- a young looking gentleman, and he says, well, sitting with these Iranians, they respect people who have white hair; they have more value for them. I had to take the Israeli guy with me to go to the same place that I put my wig to get some spray to make him look older. That mission was given to me as well.

Q Do you remember the name of the Iranian -- the Israeli?

A Nir. So I'm waling with this Israeli, going to -- downtown area. He's not supposed to know who I am. And that was a challenge, really, to spend 45 minutes with a guy and act like a spy, something that I'd never done before.

So we got over all that and then Mr. Ghorbanifar -- we came back. Ghorbanifar came in and further coordination was made with him and we arranged how, where, who was going to be present for the meetings. And it was at that time that they decided to have two separate gatherings, one with Mr. Ghorbanifa the Iranian representative, the official of CIA, Mr. North, and myself and a second meeting right after the first meeting in a different hotel with the CIA official, General Secord, and myself and the Iranian group.

Q All of the Iranian group or just the military people?

A Just the military. Different. We segregated the two.

Q I take it the meetings were to take place one after the other?

A That is correct. I finished one meeting and got into a cab, ran to the other one with Mr. Secord and the official from the CIA.

Q Was the subject of arms for hostages discussed with you in preparation for these meetings?

A Not that I recall. They basically explained to me what was the objective of the United States. They said that they wanted to reestablish relationship with Iran. It was important, and they did not really tell me what the Iranians expected out of this. There was not time to brief me any furthe So this was -- this time it was -- if I'm not mistaken, we had a social visit with the Iranian and then our official meeting started the next day, because it was pretty late by then. But I could be wrong that we did not meet the Iranian official until the next day in his room and he had prepared breakfast for us and we had a discussion before going in there with the CIA official as to how to tape the recorded discussions, and he brought his machine in his briefcase and he finally managed to place the briefcase in a place that would serve the purpose and then Iranians would not get jittery about seeing a briefcase there. They don't like that.

He may have used his pocket. I don't remember. He hung his coat someplace with the recorder in it. But the point is we managed to the best of my knowledge to record the events of that day.

Q Did you function as the translator?

A This is what I was about to tell you. I found myself very quickly that they needed more than translator. There was such a gap in communicating and I'm not talking about the subtle type of interpretation as we have referred to in my talk with you. Big gap. Just -- they were coming from two different worlds.

Q Could you describe that further?

A Here is an American group very sophisticated, worldly. They have in their past experience been involved with international affairs, you know, totally at the level of exposure was at such a point that the Iranian representative could have never gotten to that point. Here they come, Americans with a very, very different attitude and there is effectively this gentleman that later on I learned that he -- prior to the revolution, [redacted] He could -- his knowledge of the Farsi language was embarrassing, and so such a big gap. You know, sitting there, I'm sitting in the middle, my God, and they are sitting -- Mr. Ghorbanifar is trying to be the -- right in open to be the mouthpiece, and adviser of this Iranian gentleman and at the same time right in my presence trying to misrepresent the -- the idea was for me to sit there and watch Mr. Ghorbanifar and see how he translates and keep him honest. Very soon I found out that I have to -- I better take a more active part in this because the man had no hesitation, knowing there was a Farsi-speaking man sitting there and understand Farsi well, he was not shy to lie effectively in his interpretation of what was going on.

Q Can you think of an example? A specific example?

A No, Mr. Nields, but I am very sure if one would refer to the tape, it would be available there because I took serious objection and I made -- I wanted to end that nonsense very quickly and once and for all. I said very openly without being bashful that this is wrong interpretation and translation, should have been this.

Q Did you say this --

A To Mr. Ghorbanifar.

Q -- in English or Farsi?

A Both.

Q So the Iranian could hear you?

A To the best of my recollection I did it in both. I wanted the Iranian representative to understand where I was coming from. And I started to address him, and then I did it in English.

So I found myself, to answer your question, that I had to also bridge the cultural gap in addition to the language problem. And that mission was accomplished but my -- what I recall from what happened in the meeting was until to the bitte end of the meeting, they were not communicating. They were -- on two different frequencies. Oliver North, who was heading the delegation, was talking about long-term relationship, how we -- the United States thinks of Iran, how important Iran is for the United States, how they want to evolve into a better relationship and saying that the United States has recognized and accepted the revolution and has respect for them and wants to --

(Discussion off the record.)

BY MR. NIELDS:

Q Why don't you finish your answer?

A And the Iranian gentleman is sitting there and all this is being translated to him as if it was never spoken. He goes back and he talks about Volkswagens.

Q About what?

A I'll come to it in a minute. It is okay to -- by that he was referring to -- is it okay?

Q Yes.

A He was referring to code name for Phoenix missiles. That was Volkswagens.

So you were in the same room, thinking that we are trying to establish relationship between two countries, Oliver North sitting there and thinking that he's talking to at least somebody from a more -- an Arab country, at least at that level.

There he is, this gentleman who has never been into anything as such except he was a businessman. He didn't even focus on what North was saying. He kept on saying what about our weapons and they talked a little bit about -- I believe they talked about Hawks and TOWs, but Oliver North tried to bring and direct the discussion to more of the long-term relationship, and then this man would go back and say, what about the Volkswagens. That's all I remember, the focus of it. A lot of details were discussed but they were going past each other.

Q Just to make sure I understand, at this point in time the person who is speaking about Volkswagens?

A Is the Iranian representative.

Q Not Ghorbanifar?

A No. By this time I had taken a more active part.

Q You are now doing the translating?

A Most of it, yes. I believe to impress the Iranian a little bit of exaggeration was added to this in introducing me as the special translator of the President of the United Stat and that got me into trouble because when the meeting was finished with this gentleman, he tried to catch me in the corridors alone to take special message from him directly to the President of the United States and he said I should whisper that into his ears and get him to take care of the Volkswagens right away.

MR. NIELDS: Can we go off the record?

(Discussion off the record.)

BY MR. NIELDS:

Q Where were we? It was where you went outside the room and he wanted you to send a special message to the Presiden

A That was at the later time that he cornered me when I was standing with General Secord in the lobby and pulled me to the side and by then he had become -- he thought he became very close to me and started calling me on a first name basis and adding the word for intimacy that is referred to as somethin like "Brother". Brother Abe, that's the name --

Q Abraham Ebraham?

A Richard I believe didn't remember. It was Ebrahim Ebrahimian. That's what I used. [redacted] I still have photos of myself with that wig on. A very interesting picture.

Q You do have photos of it?

A Yes. I have photos of it.

Q Did you bring them with you?

A No. It is at home.

Q Home is California?

A California. I'll be more than happy to provide you.

Q I think we would like to see that.

A Yes. So I still have the wig, too.

MR. WECHSLER: Why don't you wear it during the hearings?

THE WITNESS: Something very interesting happened. I don't need this thing to be publicized, because I don't think it will help the relation of the two countries, but I think I should bring that out to help the responsible agencies who may want to pursue re-establishment of relationship with Iran to understand their psychology a little bit better. So it may sound funny when I explain to you what I have in mind, but it is a very important issue.

When this gentleman, [redacted] cornered me in the lobby with General Secord being there --

(Discussion off the record.)

THE WITNESS: I was about to tell you about the issue that I considered important as the educational matter. When he asked me to take a special message to the President of the United States, there was no question in my mind what he was trying to tell me, knowing the culture and -- so well. He wanted me to see if I could strike a deal for the President of the United States, a financial deal, to see if the President could consider being motivated somehow financially to give him the Phoenixes.

BY MR. NIELDS:

Q In other words, whether there was a way a lot of money could be made available to the President, and then he would give Phoenixes to the Iranians?

A Yes. That was the attitude. Okay? What he

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whispered into my ears is that Brother Abe, you know what I mean, why don't you when you are alone together sit down, pull him to a corner, and see if you can strike a deal. That's very important. If I'm given an opportunity, I really would like to elaborate on this issue, not on this incident, but on this issue. It is very important for our politicians and diplomats to understand who the Iranians are today. I have had ample opportunity not only based on my previous experience of living there and dealing with them. I had the greatest opportunity of touching and feeling and understanding these people and all the different factions and what this gentleman represented is not at all the type -- an example of the kind of people that we later on established as the second channel. It is very different

And if one would not understand the psychology of these various factions and how they operate because we do not have any human intelligence in there, we have no information, it is going to be a very, very difficult communication if they ever try to again communicate with these people. There's a lot of work and preparation to be made to talk to these people again. The gap is immense and in the second channel, we managed to close that gap. We will get into that separately, but I know I'm a businessman but when it comes to dealing with people, especially with my background in marketing, I'm a pretty good judge of character, of people, where their mind is at. So I can be helpful in that respect.

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So to go back to the substance of this, the -- this meeting was finished with the understanding that a meeting should be arranged in Iran for the higher officials to meet; and the location that was recommended for this place was Kish Island, which we referred to later on during numerous telephone conversations by the way, since you are asking me my involvement in the first channel, I had many, many telephone conversations with this [redacted] from Vienna, Virginia from my office to Tehran. He called me -- I called him, I called his office, his home; his other associates called me. So there should be -- and all of these, I taped it and give the tape to be given to the CIA. So there should be tapes on that as well.

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BY MR. NIELDS:

Q These are tapes of telephone conversations between you and the Iranian representative?

A And this [redacted]

Q And you made those tapes available to the CIA?

A I made it available to General Secord, to make it available to the CIA. So --

Q Just getting back before these conversations, I want to finish up on the meeting in February in Frankfurt. Did the subject of -- At the political meeting -- did the subject of hostages come up?

A I cannot recall that. I honestly can't. In the sense that -- you see, I am biased. The reason I am biased, I am sitting here with you after having gone through very tense and serious negotiations with the second channel, where the issue of hostages were discussed in great detail.

To the best of my recollection, the way it was presented to them was referred to as obstacles.

Q Where, at which time?

A I am talking about the February meeting. Was referred to -- it was not -- the focus of the discussion, and the tapes will verify this, but my recollection was that as soon as we can remove the obstacles that are in our way, we should be able to have a grand time in establishing our -- reestablishing our relationship. That is what I remember to have been our position, the American position.

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Also, at the same time, I remember the Iranian position was forget about all of this ~~nonsense~~ Nonsense, where are the weapons? Of course, they were going past each other.

Q Were you aware that some weapons had already been shipped at the time of this meeting?

A I don't believe I was. I don't believe I was informed of that.

Q Now --

A You are referring to the Israeli shipment?

Q No. I am referring to the shipment of 500 Tows very shortly before the meeting by the U.S.

MR. VAN CLEVE: This probably would have been a couple of days before the meeting.

THE WITNESS: I don't know -- I don't believe they told me that at that time.

BY MR. NIELDS:

Q How about the money into the Lake Resources accoun There was about $5 million deposited into the Lake Resources account?

A I was aware of that but I did not know if it was really as part of this package. You understand what I am trying to say?

Q I do. But I still want to pursue this. It might be significant. Wait. Wait, listen to my question.

A Yes, sir.

Q What was your understanding of what this $5 million

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was?

A For sales of weapons. When, how, -- to Iran. Sales of weapons to Iran. When, how, what, I did not know.

Q Oh, I see. You knew that there was an arrangement already underway pursuant to which weapons would be shipped by the U.S. to Iran, but you didn't know if they had already gone or if they were going to go in the future?

A Exactly. I was aware of the money transaction. I was not aware of the actual weapon movement, if you will. It was shipped -- I didn't know the terms of agreement.

Q Am I understanding -- my understanding was Secord went to Israel to supervise this shipment. Were you aware of that when it happened?

A I have no doubt in my mind today, and I had no doubt in my mind then that it was not a clear decision whether it was going to be used in this initiative. So it was not unusual and I have said that Secord is a very, very secretive person, when it comes to government activities. He would not talk more than what is necessary. So that is why -- and as a matter of fact, later on, I learned that they decided not to keep me in the loop and George Cave effectively replaced me. So it was not unusual [illegible] or [illegible] illogical for me not to know the details.

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Q And now --

A But wait. There is one other thing I would like to point out that I just recall now, since we are talking important issues. I do recall that I went out of my limits prior to the meeting in -- during the time that Nir, the CIA official, Secord and North were present. I expressed my great concern about the health of a -- of the relationship to be established with the help of Mr. Ghorbanifar and his group, Mr. Nimrodi and so on. These people whom I know extremely well for many years. When I say know extremely well, I have dealt with them.

Q With Ghorbanifar, Nimrod --

A Yes.

Q Schwimmer?

A Schwimmer, I know of him. Is Schwimmer the same person who was the head of the Israeli aircraft industry? I have so much information about these people that --

Q How did you know them and what do you know about them?

A Well, if you recall, I told you I represented Motorola. Motorola established the manufacturing plant in Israel, Motorola-Israel. We were finally assigned from Chicago to Israel because of the geographical division that Motorola made at the time. So I had for Motorola dealings with Israel, and Mr. Nimrodi was the so-called military attache of the so-called Iranian. Sorry, the Israeli Embassy in Iran. They were physically there. They had a building, all that, but officially, they were not there.

So we were both -- when I say "we" meaning I, in Telecom then, and Mr. Nimrodi called him Nimrodi then, had the same clients, Iranian military, and that is how I knew Mr. Nimrodi because there were times that we got them involved Telecom got them involved for the interest of business in Israel, i.e., Motorola's business. So I had the opportunity of getting to know Mr. Yaakov Nimrodi extremely well, on a personal basis.

Q Were you a friend of his?

A Also a friend of his.

Q And what was your opinion of him?

A When? At the time of the meeting? Or --

Q Well --

A Today?

Q Well, I was thinking at the time you knew him in Iran?

A As an official? It makes a big difference, you see.

Q Tell us all.

A I would like to put this very mildly. I did not find it normal, usual practice for a person in his position to handle the Israeli transactions in the manner that he did. I do not really want to be the cause -- I know the difficulti and the investigations that are going on, or were going on in Israel about him and his dealings -- if I can be excused not to get involved in that unrelated issue that may just cause embarrassment for Israel -- it would be nice.

But mildly putting it, I did not approve or -- I shouldn't say I did not approve. I found it strange way an Israeli official represented his country in transactions with Iran. In this country, you would not find that ethical.

MR. NIELDS: Lets go off the record.

(Discussion off the record)

MR. NIELDS: Let's go back on the record.

BY MR. NIELDS:

Q Okay. You just finished telling us about Mr. Nimrodi.

A And I also had first hand knowledge about Mr. Ghorbanifar. He may not remember the circumstances, but I had met him and I also was aware that -- I have been trying for a long time to remember the name of the man that worked for Mr. Nimrodi who effectively recruited Mr. Ghorbanifar then when he was working in this Star Line Shipping Company in Iran.

He was working -- I don't know whether he was -- under a contract with Iranian Savak or whether he was actually an employee, but there was no question in my mind tha he had relations with Savak. He was a double agent starting then.

Q This is Ghorbanifar?

A Ghorbanifar. And I also knew that he -- I don't know whether he has kicked the habit or not, but I also knew that he had if not cocaine, but definitely opium addiction.

Q Ghorbanifar?

A Yes.

Q Is there a distinction between opium addiction and heroin addiction?

A No. Now, I recall being present in a social gathering that he was there and he was bragging about how he used to get --for his use cocaine from Pakistan or something like that.

Q And opium was something he smoked?

A Yes. Opium in the Iranian society, like the Chinese, use of limited amount of opium -- I do not mean to be sarcastic, but they consider that to be good for one, if one smoked a limited amount of that. As a matter of fact, the laws in Iran then were such that people had coupons that they could officially go to government institutions and get their ration and at the same time in Iran, if they caught people illegally dealing with the drugs, without shadow of a doubt, they would be executed. There were both extremes.

Q Let's go back to the February meeting. Is there anything more that you should tell us about the political --

A I was about to tell them that I did not think that this combination would lead them toward where they want to go. I expressed that opinion. I saw Nir's ears going up, and he was anxious to cross examine me and we managed to wiggle out

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of that discussion and not to get involved.

Q How about the military meeting? You haven't told us anything about that yet.

A The military meeting I classified Richard Secord, the CIA official, they may have a different opinion. I don't believe we impressed the Iranians in that meeting, and they sort of expected that. They didn't expect us in the first meeting to come out and all make it. They were not impressed.

But the point that we wanted to make was made.

Q Which was?

A Which was that we could help them with military intelligence and the reason I don't want to appear contradicting myself, we did not impress them because they -- the Iranians continue to believe that we are not to be trusted. That is a very important factor for to always remember. They saw that we had [redacted]. Obviously they knew we had [redacted], but they saw it in our hands. So they knew that we had something that they could make use of it, but we did not impress them because they did not believe that we were showing them something that was accurate.

So I suppose as far as the U.S. objective was concerned, we achieved what we wanted, which was to show them, guys this is what we got, we are prepared to give it to you. So that --

Q Okay. Okay, So following that, I take it you ther had these series of telephone conversations with --

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MR. VAN CLEVE: I have a couple of follow-ups.

MR. NIELDS: Do it now.

BY MR. VAN CLEVE:

Q Did there come a time at the end of these February meetings when you learned the United States was going to ship an additional 500 Tows to Iran, right at about that same time? Are you at all familiar with that?

A I don't believe I am. I don't really recall about this.

Q Second, was there any discussion at this time, or even somewhat later, about any personal financial gain for the Iranian official about setting aside some of the money that was being transferred for his personal use or for personal use of other officials?

A My position is still, Mr. Van Cleve, the same. There was no decision to bring me into this operation at that time, so I was not privy to a lot of information.

Q Just one more, if I could. If you know, was there any agreement at these meetings or within the next month or so, about an agenda for the meetings that were supposed to be held at a higher level? Was there any agreement about that?

A I thought I touched upon that when I said that the discussion ended by agreeing to have a meeting in Kish Island at the later date. And the subsequent telephone calls, they were all related to establishing that agenda.

Q So there was no agreement at that time on the

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agenda itself, on what points would be discussed?

A Not that I recall, but I doubt very much that I hav a copy of -- did I mention earlier that a resolution was made for the purpose of the Iranians of the discussion that was held?

MR. NIELDS: No, you did not.

BY MR. VAN CLEVE:

Q What do you mean by resolution?

A The Iranians are -- they have their own bureaucracy This man had to go back with some sort of resolution of the meeting, what happened, or a memorandum of the meeting. Mr. Ghorbanifar asked me to help him to draft, and I believe I managed to get a copy of that to the CIA. That was in Farsi and I wanted to make sure that he is not giving the Iranians a memorandum of the meeting that was inaccurate, so I participated in putting that resolution together and I also believe that I made a copy for our group. So that should pretty much tell you what was the spirit of discussion, what was agreed, what happened.

Q That is very helpful.

MR. WECHSLER: It will tell you that if you can read Farsi.

MR. NIELDS: Maybe we can find a disguised person to translate it.

MR. VAN CLEVE: That is all I have.

BY MR. NIELDS:

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Q Following the meeting you had a series of telephone conversations with the Iranian representative?

A Yes, a number of them.

Q What was the general substance of those conversations?

Q More of the same thing.

Q Well --

A More of the same thing that was again -- I tell you I remember the frustration that I had from those discussions. I don't think I will ever forget it even with my cultural background that was too much for me. I am serious. Very difficult.

Q The frustration being the failure of communication?

A Not failure of communication. You know, just being insensitive to what we wanted. I am continuing to see that I am right, Mr. Nields. You know, for me I am a little business guy sitting there, there are all these politicians, military guys, intelligence guys sitting there. I am touching feeling the realities, and I knew then that this is not going to go anywhere. It was so evident for me because, you know, he kept taking the same approach, what is happening to our Volkswagans. I had to ~~contact~~ conduct bizarre type sort of negotiation on behalf of the U.S. Government with this gentleman and worrying at the same time that the Russians are picking up what we are discussing.

It was very frustrating, and you know, the guy was

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trying to strike a deal. It is all business. We are trying to strike a deal. We went over the same thing a million times and I tell you, it was a blessing for me when I later learned that Mr. Cave took over. I didn't want to have anything to do with that group.

Q Approximately how much after the February meeting in Frankfurt did Mr. Cave take over? A couple of weeks?

A The meeting was what, February 20?

MR. NIELDS: The 25th.

BY MR. VAN CLEVE:

Q February 25th.

A I would say about a month later. The reason I say that is because I do recall a telephone conversation that I had with this gentleman. Iranian new year starts the first day of spring, which is approximately March 20. I remember that I still was involved in this useless bargaining over the phone at that time, and I think at that time -- the reason -- I believe at that time the issue of the hostages -- yes, as a matter of fact, that is true. The spirit of my discussion with this gentleman got expanded and at this time he had started to include the hostages, so they were referred to as boxes and then I started to refer to them towards the end of the Iranian year as having a new year's present for American people. So that is why I remember the issue of hostages becoming also part of my discussion. But still the focus was Volkswagons.

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We are talking about the relationship, obstacles, Volkswagons. Just two different worlds. So we would say the answer to your question is four, six weeks, that is my best guess.

BY MR. NIELDS:

Q In any event, there came a time when you were essentially cut out of the Iranian initiative and replaced by the CIA?

A That is right.

Q When did you next come back into the Iranian initiative?

A I have to qualify first my reference when I said yes, I was cut out. For all practical purposes, I was cut out, but -- Mr. Secord used to get my opinion without getting into the substance of what was going on, get my opinion about the reaction that he was getting from the Iranians. He was running it by me to say what was my interpretation. And I saw more of the same thing. I saw that they were trying to strike a deal and other country was trying to reestablish the relationship. That went on for some time until -- and by this time I think I had become now involved in a different way in this first channel, and that had to do with the financial aspect of it. I knew that monies were supposed to come, when to come, why they did not come, started to follow up on that. That is how I learned about his bank in Monte Carlo being bankrupt and talked a number of times to some

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Indians or Pakistanis who ran his operation, started to check on his banks, started to do what a businessman would do, learned that they are not to be trusted. We could not ever, as far back as I can remember, receive a payment on time. Never. That gave me ulcers.

Q Did you know about Khashoggi before the payment for the Hawk spare parts?

A I don't know what that date is, but I can tell you when I learned about Mr. Khashoggi.

Q When did you learn about Mr. Khashoggi?

A I -- when I found out about this Monte Carlo bank, I was told that Khashoggi owns it.

MR. VAN CLEVE: When was that?

MR. JANIS: You mean when you received a deposit from the Monte Carlo bank?

THE WITNESS: When I was calling to get the deposit.

BY MR. NIELDS:

Q This would be sometime in May of 1986, I take it?

A I don't remember the dates.

MR. JANIS: Just for the record, there was a -- the record produced by Mr. Hakim reflects a deposit on February 7, 1986, from the bank BCCI Monte Carlo.

THE WITNESS: And they have a correspondent

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in New York. I think I was talking to their correspondent in New York.

BY MR. NIELDS:

Q And it was at that time that you learned Mr. Khashoggi was involved?

A That's when I learned.

Q Did you tell Mr. Secord about it?

A I think I did. I saw the icy face, and I knew I was right. When he makes no remarks, and then I have my information, yes. Yes, he knew that. I knew that he knew.

Q Were you involved in any way, shape or form in setting the price charged to the Iranians for the missiles that were sold to them?

A At no time, including the second channel.

MR. VAN CLEVE: Do you know why Cave came in to take your place?

THE WITNESS: I think I do. I cannot be certain. Again, they were -- I have a number of times referred to these scattered remarks. I reached the conclusion based on these scattered remarks at various times that he was -- Mr. Cave was extremely trusted by Mr. Khashoggi, Director Casey. In addition to the fact that he -- it goes without saying, that he's an expert, he knows the culture, he knows the language, all that.

That's known.

BY MR. VAN CLEVE:

Q You have met him, haven't you?

A Oh, yes.

Q How good is his Farsi?

A His, what I call, technical Farsi, which is knowledge of terminology for weapons, military structure and such is superb. I had sometimes to ask him for those terminologies. I don't understand that. His knowledge of Farsi is definitely good enough to understand what's going on, understand it well, and his speaking is very well to put the point across, but I, in my opinion, do not consider that his Farsi is good enough to transact with Iranians. It takes a different type of approach to do that, to do that translation. It requires a certain type of slickness to achieve that. This is not something that you learn in school. So I would say that that -- he knows quite a bit about the culture.

I have a lot of respect for George. He's extremely knowledgeable.

BY MR. NIELDS:

Q With the exception of Mr. Cave, and any other CIA people that attended meetings with the Iranians where you were present, and with the exception of Mr. North, did you meet with any United States Government officials in connection with the Iranian initiative?

A Do you also exclude the aides to Mr. North?

Q You mean Mr. Earl and Mr. Coy?

A Right.

Q Let's include them. I take it you met with them?

A Yes. Earl, yes. I was on the KL-43 with him during the second channel quite a bit.

Q Anyone else?

A Just secretaries. You said excluding the CIA agents?

Q At the meetings.

A At the meetings. I testified that during the first meeting, there was a high-ranking CIA official.

[redacted]

Q Anyone else? Did you ever meet with Mr. Poindexter?

A No. I did not meet with Mr. Poindexter, but I -- that reminds me. I did have a very short, brief encounter with Mr. McFarlane.

Q When was that?

A When he ca[illegible] f[illegible] stopped in

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Israel. I was doing quite a bit of work supporting General Secord logistically, quite a bit. This ~~aeroleasing~~ Arrow Leasing arrangement for all trips, every one of the trips, I organized, managed, included -- that includes the transport of our team from Israel to Geneva and onwards to the United States. When they stopped in Geneva for refueling, I met them at the airport, brought them to a special room, and Mr. North introduced me without giving my name to Mr. McFarlane and there were other -- but prior to that, by the way, I met the group that arrived from the United States -- when I say "prior to that," I mean prior to the trip to Iran, the Tehran trip.

There were a number of U.S. employees; to this date, I don't know from what agency. They came -- I met them, arranged for their accommodations prior to their take-off to Israel in Geneva. Met them, arranged for that. So those people I met, including also communications people in those -- those people. I met the various same people back.

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I also recall the looks on the face of the ~~aeroleasing~~ Arrow Leasing man whom I was dealing with when these gentlemen, our boys, came out of the plane and pulled out their suitcase and we went -- they asked me where they could establish satellite communication. Went behind the building and this aeroleasing guy, looking at us, thinking, Here is Albert Hakim, a businessman, what in the hell is going on? So we set up our antenna and they communicated that they arrived safely and were going back.

By the way, when Mr. McFarlane was getting -- reboarding ~~aeroleasing,~~ Arrow Leasing, some gentleman recognized him there, a friend of his, said hello, and --

Q This was in Geneva?

A This was in Geneva.

Q Other than that, did you ever meet Mr. McFarlane?

A No.

Q How about MR. Casey?

A No.

Q And I think you mentioned meeting one or two DEA agents but that is slightly separate from the Iranian initiative? Other than the people that you've just mentioned, did you meet any other U.S. Government officials in connection with the Iranian initative?

A Not that I can recall.

Q Was any -- to your knowledge --

A Oh, I am sorry. Yes. There is one other gentleman that I met. Charlie, a CIA analyst.

Q Allen?

A Allen, Charlie. I met him.

Oh, sorry. One other gentleman that I --

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Mr. Cave introduced me to. Mr. Cave was present, Mr. North was present. We met in a restaurant. I think he was a CIA official, and I think it was the desk -- from the Iranian desk, if I am not mistaken. I cannot recall the name now.

You are talking about the Iranian initiative. I just want the record to be correct on one other aspect of Iranian involvement. I'm not saying the Iranian initiative. [redacted]

Q [redacted]

To your knowledge, was it -- was any money derived from the Iranian initiative or the Nicaraguan venture ever given to any Government official other than what you've testified about -- well, I'll finish my question there.

MR. JANIS: Excuse me. Are you including money given for operational purposes?

MR. NIELDS: No. For the personal benefit of any Government official.

THE WITNESS: No, sir.

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BY MR. NIELDS:

Q Was it ever contemplated that money would be given to the benefit of any Government official, putting aside what you testified to about Mr. North and his wife?

A No, sir. No, sir.

Q Okay. When did you get back into the loop, so to speak, in connection with the Iranian initiative?

A I said I was in the loop, the financial end of it.

Q I guess I want to bring you now to the second channel.

A Operationally?

Q Yes.

A I think if I'm not mistaken, June, July of 1986.

MR. JANIS: Before we get into that, off the record for a second.

(Discussion off the record.)

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THE WITNESS: I believe in June or July of '86 I started to receive my own echoes back that Ghorbanifar channel was not going well.

BY MR. NIELDS:

Q You received these echoes back from Secord, North, and other people in the government?

A Exactly. Exactly. And how frustrated they were, and if we could find other channels to communicate with the Iranians, so I believe it was June-July when I was brought back into the loop to check the possibility of a new channel.

Q And I take it you then --

A I went to work.

Q You went to work?

A I went to work.

Q Can you just describe generally what you did?

A I had been keeping close watch of my contacts with Iran, not only the contacts of the past, but I, at quite a bit of expense, was maintaining through some associates that I have in Europe and in Iran, creating new contacts from the new group, and I was monitoring that for commercial purposes, so I was never at any time out of touch and contact with Iran. I kept myself pretty much appraised of what was going on.

And when this request was made of me, I called my associate whom I have known for a long time and who is quite competent for spy work, and we discussed a number of

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possibilities, and I decided and discussed that also with Secord that the way to approach this is to choose one or two at the max of the factions in Iran that had the better chance and work on them rather than spreading all over the place, because this way we would never get anywhere.

The concept was acceptable to General Secord. I suggested the two factions that I had my eyes on. Secord, I think, checked that with the agency and came back to me and said that is the right way to go in their opinion also. So I zeroed in on those two factions and created a situation that someone that could qualify for both factions, he had a track record in both of these areas, to come and meet with us. We had the man sitting in [redacted] because we could not -- I could not get the decision from the Americans whether they wanted to go with the second channel or they didn't want to go with the second channel, who was going to participate in interviewing the second channel.

Oliver North wanted to come, then his schedule didn't allow. They had problems with the Israelis. All kinds of problems that really caused a lot of difficulty and embarrassment for me. I am having this guy sitting in there at high expense. I have my fellows [redacted] babysitting him.

Q This is a government official you are talking about? Or this is the relative?

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A Yes. It is the relative. [redacted] Okay?

So, finally, with all the back and forth, in August Richard Secord and I, my friend [redacted] babysitting this guy, participated in the meetings to see if the guy was for real; if he knew anything about what was going on; where his head was. And a lot of piercing questions were asked from the man and the man appeared to know what was going on. He was aware. He knew about the first channel. Richard and I felt very comfortable about what we saw there.

In addition to that, we saw the guy to be forthcoming. We saw his consultants with him be also aware, capable of making analysis. For a change, there was a sigh of relief. My God, finally there is somebody you can talk to. And all that was reported back by Richard. From the testimony, I learned that he did that in writing as well. I did not know it at the time.

Q This is the meeting [redacted] you are describing?

A The meeting [redacted] So they came back to me and said "We want to see how serious these guys are and if they are serious, and it is also convenient for North, see if the guy is prepared to come to Washington. I offered that. He said we will check back with Iran, get back to me. He said he was going to recommend to Tehran that -- to accept

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this offer, and they did. I arranged for his -- again, we were using Arrow Leasing to transport him. Richard gave us the routing, how he wanted him to come. [redacted] The guy came with the other two, and our meetings started with George Cave being present and in the Old Executive Office. I housed them [redacted]

Also was made aware that the room of the -- we had three rooms for them there. I also had a room there. I was there with my wife. [redacted] Anyway, we made it very clear from the very beginning that I did not want to be considered at all as part of the American official team. It was very clear, and that I'm a businessman, I told them, and I'm here to benefit as a result of the re-establishment of the relationship, and I have no interest to participate in the political intelligence discussions, and indeed, I did not in the Old Executive Office. I stayed outside the room, holding hands with the consultant of the relative upstairs while General Secord and Cave were assisting Oliver North, who headed the delegation.

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We joined them for lunch, and then towards the evening, Ollie and I took this gentleman for a tour of the White House.

Q Where did you go?

A Everywhere.

Q Including the Oval Office?

A Including the Oval Office. By then, they had a little barrier in front. We did not walk into there. And Ollie sometimes gets into one of his moods with his jokes. We were passing by -- there is a picture in the White House of a bunch of dogs, a beautiful painting it is. One of the dogs is sleeping. Ollie referred to that as the Cabinet, and that is Casey.

Q That is the Cabinet?

A And that is Casey. He joked about that. They tried to make an impression on the relative. And he's an excellent salesman, this Oliver North. I tell you, he's quite a guy. Quite a guy.

Q Did you talk about arms and hostages as well as a broader initiative?

A Well --

Q Or weren't you there?

A I was not there, but when you have even half an Iranian, there is no secret any more.

MR. VAN CLEVE: Like a Congressional committee?

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THE WITNESS: I think the Congressional committees learned from the Iranians.

BY MR. NIELDS:

Q So you were aware that arms and hostages were being discussed?

A More than aware. The guy would come out and tell me "This is secret, don't tell anyone." What do I do? I had a unique, unique experience in this whole thing. I wore so many different uniforms and put on so many different hats.

Q Wigs?

A Not wigs. These are hats. It is easier to put on wigs, not to get confused with the different roles. It is -- I am a businessman. I have found a golden opportunity now that I can serve my country, because only a couple of years before then or less, I had taken an oath in the process of becoming naturalized. So I take such things seriously, because it is not just a formality to me.

Here I am to help my place of birth, my native country, and, by God, here I am to make some money. If I wanted to put such a package together, no way I could have done it.

And then, in addition to that, I'm in there, American team uses me as a consultant, Iranians are using me as a consultant, and here I'm sitting trying to find the best

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way to keep all of these balls in the air. I was praised a number of times for having managed to keep all those balls in the air. Mr. Cave a number of times told me that it would not have been possible without my help, and he was not referring just to creation of the second channel, he was referring to continuation of the second channel, because there were very, very harsh times that the parties became disenchanted, frustrated, left, and I stayed behind always. Albert stayed behind to repair things.

The famous nine-point agreement --

Q You are now talking about a later meeting in Frankfurt, I take it?

A A later meeting in Frankfurt.

MR. JANIS: Before you get to the nine-point agreement, is there anything else you need to tell him about the September meetings? You want to skip ahead?

THE WITNESS: I thought he wants an overview. My impression is an overview.

MR. NIELDS: If there is something of particular importance about the September meetings in this country, tell it now.

THE WITNESS: Okay.

MR. JANIS: That is all right.

THE WITNESS: I have been so far under the impression that you are going to come back, and we have only 15, 20

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minutes to give you an overview.

BY MR. NIELDS:

Q That is true.

A Which way do I go now?

MR. WECHSLER: Go with the overview.

THE WITNESS: Okay. So I always stayed behind to repair the damages and bring the team back together. The nine-point agreement is my creation. As a matter of fact, in Farsi, on the top of the page, it says -- in handwriting of the official -- saying that our resolution, meaning their resolution with Hakim; and I came up with a very interesting arrangement when we were discussing the number of hostages to be released. I came up with one-and-a-half hostages.

When I communicated that to North, I didn't have the KL-43, and Richard was gone, and he was supposed to meet me the next day. I urged North not to make any decisions until Richard got back, and we could send him a message on the KL-43, but I cannot forget his reaction. He wanted to know how many hostages we were going to get. I said one-and-a-half.

He said, "Are you drinking?" I said, "No, I am not drinking, that is what it is." He was very frustrated. The man hadn't slept for a long time, just caught him as he landed. I said, "Ollie, wait until we send you a god-damned message." Richard came in later and had to explain the concept behind

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the nine points. We sent the message. Richard kept on saying, "Albert, the more I read this package of yours, the better I like it, and it is even better than the seven points that Ollie put together." That was very flattering, coming from Richard. Richard very seldom does that.

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So the relationship continued. We had arms shipped, monies were received, Jacobsen was released. We had subsequent meetings in Geneva, disagreements again came about, shouting, screaming, Ollie left, Secord left, threatening each other.

I was left again behind to repair the relationship, which I succeeded. And that was about the time that everything was revealed.

Ollie disappeared. Richard disappeared. Cave disappeared. And there I am in Geneva with the Iranians looking at me, what are we going to do next.

Cave contacted me and said he had one last assignment for him and for me, if I would be willing to help with that assignment. I said, what is that? He said if I would arrange for a meeting between the Iranians and the State Department representative. I said, let's see what I can do.

I arranged a meeting. A certain gentleman that I never met, Charles Dunbar, was sent. This was two, three weeks, I believe, after the revelation. This gentleman left a very bad impression on the Iranians. I understood he spoke Farsi.

He refused to meet with me when I said that I would be prepared to meet with him if he would accept for my lawyer to be present. He didn't like that. He said he didn't want to meet with me.

At that time I was also going through the process of

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answering a million questions that Mr. Janis had for me, and the only way he would get the answers was to travel with me wherever I went. So he did get to meet these gentlemen there. And so I didn't get to talk to Mr. Dunbar.

The Iranians were very frustrated and then at that time I was ordered and shown a telex that my mission is terminated and I am no longer to represent the U.S. Government in any form or capacity.

Q Who sent you the telex?

A Cave showed me a telex that he had received. And I have honored that since then.

Q Have you had any conversations with North since mid-November?

A I don't recall, Mr. Nields, that. Because, since -- we may even have had our last meeting with the Iranians -- I believe it was in November. We had the last Geneva meeting where Mr. North was present. I don't know whether it was in October or November. I cannot recall that.

Q Since then have you spoken with Mr. North?

A Since then I believe that I saw Mr. North once or twice. I have been away since then most of the time, trying to maintain my contact with the Iranians and maintain my credibility, which is a different story in itself.

There are some dates we will try to see if we can come up with to help you out.

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MR. NIELDS: Let's do that.

In the meantime, let's mark this as Exhibit 6.

(The following document was marked as AH Exhibit 6 for Identification.)

COMMITTEE INSERT

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BY MR. NIELDS:

Q Mr. Hakim, I am putting in front of you a copy of a subpoena duces tecum for this deposition, which your attorney accepted service of, and I don't care which one of you answers the question, but I have to ask the question, whether you have any documents Called for by the subpoena to produce at this time.

MR. JANIS: Before I reply to that question, I need to understand that with respect to any documents called for by any subpoena, production of those documents would be covered by the grant of immunity conferred upon Mr. Hakim and the rulings previously entered.

MR. NIELDS: Plainly so.

MR. JANIS: By the committee chairm~~a~~En on April 20, 1987; am I correct?

MR. NIELDS: Without a question.

MR. JANIS: First, the subpoena which is marked Hakim Deposition Exhibit No. 6 is a subpoena from the House of Representatives. And, as I have told you before, Mr. Nields, off the record, and I think you understand, we have had virtually no time to try to comply with this subpoena or, for that matter, the Senate subpoena, which I assume you intend to mark as Deposition Exhibit 7?

MR. NIELDS: If somebody gives it to me, I will. Otherwise, we will mark it when we resume.

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MR. JANIS: At any rate, we haven't had a chance to respond to either subpoena.

To the extent that these subpoenas call for documents actually in his possession, or reasonably within his possession, we will produce them. To the extent either subpoena calls for Mr. Hakim to go on what I would call a search and retrieve mission all over the country, or demand to inspect the books and records of every organization of which he has ever been a party and then sift through them and determine which records are required, I think that would be unreasonable, although I do believe the committee itself would certainly have the right to subpoena those records.

But, at any rate, we haven't had a chance to fully focus on this because of the deposition schedule we are working under. We do have a couple of documents that we can produce now that I think are responsive to the subpoena, if you want us to do so.

MR. NIELDS: Well, yes. I think we would like you to do that. And, in addition, we have during the course of this deposition identified a number of documents of potential importance and certain relevance to the committee's work, which would fall within the boundaries of the subpoena which has been marked Exhibit 6 --

MR. JANIS: What I would suggest we do --

MR. NIELDS: -- and I would request -- what I am

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going to do at this point in time is adjourn this deposition until a date which we will advise you of very promptly, and with a view toward giving you an opportunity to obtain those very important records and producing them to the committee at that time.

MR. JANIS: I would like --

MR. HOLMES: You are not proposing to adjourn the deposition before the Senate has a chance to question?

MR. NIELDS: What I am proposing, as I understand, these gents are -- basically we have used up the time allotted and the time available to them, and I would suggest that we reconvene the deposition at your convenience, and that is in the next couple of days, so that you get a chance to ask the questions that you have.

MR. HOLMES: Our convenience -- my understanding is they have already made some kind of agreement that they will not be available for the balance of the afternoon. Our convenience would be tomorrow morning at 10:00.

MR. JANIS: Let's just go off the record.

(Discussion off the record.)

MR. NIELDS: I would like these marked collectively as Exhibit 7.

(The following documents were marked as AH Exhibit 7 for Identification.)

COMMITTEE INSERT

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BY MR. NIELDS:

Q Mr. Hakim, I am putting in front of you what has been marked collectively Deposition Exhibit 7 that your lawyer just handed to me.

I take it these are documents which you are producing in response to the subpoena which was marked Exhibit 6?

A Yes, sir.

Q And I take it this consists of the documents, the responsive documents, that you had immediately available to you at this time, but does not constitute your full and final response to the subpoena?

A That is also yes.

Q What I propose to do is adjourn --

MR. JANIS: Just so there is no question, I think it is useful to briefly state on the record what some of these things are.

MR. NIELDS: Let me just describe them.

MR. JANIS: Let me do it. Maybe we can do it more quickly.

The first is letter dated October 27, and this deals with the payment of -- on the sale of weapons to the second channel.

Correct, Mr. Hakim?

THE WITNESS: Correct.

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MR. JANIS: The second document is a copy of handwritten notes. These are Oliver North's handwritten notes.

THE WITNESS: The lower portion.

MR. JANIS: The lower portion is Oliver North's handwritten notes.

THE WITNESS: The seven points.

MR. JANIS: The next page, which is in Farsi, is -- no, the next page, pardon me, the next page is in Farsi. It is the nine points Mr. Hakim has testified to.

The next page is handwritten notes, I believe, from General Secord that were also prepared at the time of the meeting with the second channel in Germany.

Is that correct?

THE WITNESS: That's correct.

MR. JANIS: And then there are some telexes dealing with the military supplies to be provided pursuant to the nine points?

THE WITNESS: That's correct.

MR. WECHSLER: Four telexes?

MR. JANIS: Four telexes.

Then there is a letter from the -- dated October 24 from Deutsch Bank, dealing with the purchase of weapons by the Iranian representatives for $3.6 million.

And a telex -- some telexes regarding the same matter.

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MR. NIELDS: Okay.

We will adjourn this deposition --

THE WITNESS: Did you have a couple of questions?

MR. NIELDS: He will pick them up when we reconvene.

We will adjourn this deposition until a time which we will fix in the next day or two, at the outside, at which time we will continue with the hope that you will have been able to take personal and physical custody of some additional exhibits responsive to the subpoena.

MR. HOLMES: Let's adjourn it until Wednesday at 10:00, unless there is further notice, so he is under a continuing and unbroken obligation to appear.

MR. NIELDS: Let's adjourn until Wednesday, this coming Wednesday, two days from now, at 10:00 a.m. in this same room, unless we in the interim fix another time and place.

(Whereupon, at 1:40 p.m. the deposition was adjourned, to be reconvened at a time to be determined.)

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DEPOSITION OF ALBERT HAKIM

Sunday, May 31st, 1987

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U.S. House of Representatives,
Select Committee to Investigate Covert
Arms Transactions with Iran,
Washington, D.C.

The committee pursuant to call at 10:30 a.m., in Room H-139, the Capitol, Arthur Liman, Senate Select Committee, presiding.

On behalf of the House Select Committee: John Nields, Joseph Saba.

On behalf of the Senate Select Committee: Arthur Liman, Cameron H. Holmes, Timothy Woodcock, Louis Zanardi, David Faulkner, Nicholas Wise, John Monsky.

On behalf of the Witness: N. Richard Janis, Lawrence H. Wechsler, and Clement R. Gagne, III; Janis, Schuelke & Wechsler, 1728 Massachusetts Avenue, N.W., Washington, D.C. 20036.

Partially Declassified/Released on 21 Jan 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

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Whereupon,

ALBERT HAKIM

having been previously sworn, was called as a witness herein, and was examined and testified as follows:

MR. LIMAN: This is a continued deposition of Mr. Hakim on behalf of both the House and Senate Select Committees. You continue under oath and you continue under the direction to testify provided by the immunity orders secured by both committees.

EXAMINATION ON BEHALF OF THE SENATE SELECT COMMITTEE

BY MR. LIMAN:

Q When your testimony ended last week, you indicated that you were going to try to obtain some additional records that were located in Switzerland that we had requested. Have you succedded in obtaining any such documents?

MR. JANIS: You want me to respond to that?

MR. LIMAN: Yes.

MR. JANIS: We have not yet obtained those documents, but there are documents coming by courier from Switzerland. They may well be in the U.S. now.

They are being delivered to Mr. Nields' office and if they are not delivered today, I am confident they will be delivered by tomorrow. They were sent Friday.

MR. LIMAN: Do you have a copy of the two so-called bp

wills?

MR. JANIS: The answer I gave you was responsive to the issue about Switzerland. In addition, during the deposition there were a number of questions made for documents, whether they were located in Switzerland or elsewhere, and Mr. Hakim was able to locate some records responsive to the request made in the deposition when he was home for the last few days, and he is prepared to produce those documents at the time, my understanding being that these documents are also being produced pursuant to the immunity orders and the rulings of the chairman issued with respect to production of documents at the April 20, 1987 hearing in this matter.

MR. LIMAN: That is correct. Please produce them -- has anybody got the list of exhibit numbers?

MR. JANIS: I think the first will be Deposition Exhibit 6, if I am not mistaken.

MR. LIMAN: Let's call it in any event Deposition Exhibit 8.

MR. JANIS: It may be eaiser if we do these one at a time.

MR. LIMAN: That is the way I suggest we do them.

MR. JANIS: Deposition Exhibit 8 is the original chart that was referred to during Mr. Hakim's testimony and which is found in the Tower report.

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MR. LIMAN: Let me stop a moment and can you mark this as 8.

(The document referred to was marked as Deposition Exhibit Number AH-8 for identification.)

BY MR. LIMAN:

Q Mr. Hakim, this is the chart that you testified was prepared by Mr. Zucker?

A That is correct.

Q Was it prepared in Switzerland?

A Yes, it was.

Q Where did you find it now?

A In my home in California.

Q And was this given by you to General Secord, a copy of this chart?

A I cannot recall. I may have done that in the past when this was prepared. I don't remember that.

Q Let's go on to the next exhibit.

MR. JANIS: The next exhibit is an investment management agreement with respect to AH subaccount 1 in which $2 million was depositied with CSF on March 5, 1986.

(The document referred to was marked as Deposition Exhibit Number AH-9 for identification.)

BY MR. LIMAN: Mr. Hakim, this is an agreement that says then RBS/AH -- is RBS Mr. Secord?

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A Yes, it is, and I must point out that this Exhibit 9 may not be the -- as far as the first page is concerned, may not be the final document. In other words, once the documents that my attorney, Mr. Janis, referred to are received from Geneva, it may have a fifth party to the contract. It may have only AH, because it was an error. I recall, once they did that, I told them that that is not the way it should be, so you may find this to be different than the documents that you received.

Q Is the AH referred to on the first line --

A Albert Hakim.

Q You?

A Yes.

Q You have testified before that some documents were signed after the November disclosures, but as I recall your testimony, you said that the agreements covering the two $2 million deposits were signed earlier, contemporaneously, is that correct?

A If this is what I testified, then it is correct.

Q Do you recall this indicates a date of May 15, 1986 covering a deposit made on March 5, 1986.

A Yes.

Q Do you recall whether this was signed on or about May 15, 1986?

A Yes.

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Q This was not one of the back-dated documents that was signed after November?

A No.

MR. JANIS: Excuse me, I want to object to the term "back-dated document." I am not sure that is consistent with the testimony. He just said he signed some things late, but I am not sure that the testimony would support the notion--

MR. LIMAN: When the documents arrive, we will see whether they were back-dated or not.

THE WITNESS: The documents that I said I signed in November were the documents for the formation of the various companies that Mr. Zucker did not have someone that he could report to his authorities back in Switzerland.

Those are the documents. These are not related to that.

BY MR. LIMAN:

Q And it says signature of the client. Can you read whose signatures appear there?

A That is my signature.

Q That is yours?

A Yes, sir. This H-A-K-I-M--

Q What are the other two letters there?

A That is also Hakim in Farsi, a combination of English and Farsi.

Q So it was signed by you in English and then in

Farsi?

A That is my signature. That is my formal official signature in all the transactions. That is the way it has been since '56.

Q And General Secord did not sign this?

A That is also correct.

Q And where it says on page 5 "account name," it has AH, and then what is the other initials on that?

A That is the initial of the lady who is responsible for the CSF investment in Bermuda-- I can't recall her last name -- her first name is Evlyn. One of the reasons that this is initialed here is because the first page should have been corrected.

As you see, this is not consistent with the first page.

Q The account name was AH subaccount?

A Subaccount 1.

Q And you provided under account information that the statement on correspondence should be held as opposed to being mailed to you, correct?

A That is correct.

Q And that the account should be kept? English, correct?

A That is correct.

Q That was also provided. Did you find this document in California, as well?

A That is correct.

Q Do you remember when you signed the document that corrected the first page?

A I really don't recall that, because the lady who works for CSF Investment does not live in Geneva, and I don't know -- it must have been corrected during one of her trips to Switzerland.

Q It says that it is covering a deposit on March 5, 1986, but the agreement was signed on May 15, 1986?

A That is consistent with my testimony that we had set aside and then when we got the opportunity to get organized and try to put things in order, and when the lady in charge of CSF Investments was in Geneva we could do that. We went back and organized our agreements.

Q Let's go to the next document.

MR. JANIS: The next document is an investment management agreement between AH subaccount Number 2 and CSF dealing with additional $2 million that was depositied on June 18, 1986 and that is the same date of this agreement.

MR. LIMAN: Please mark this Exhibit 10.

(The document referred to was marked Deposition Exhibit Number AH-10 for identification.)

BY MR. LIMAN:

Q For the record, Mr. Hakim, this is your signature

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on Page 5?

A That is correct.

Q And this covered the second deposit of $2 million?

A Yes, sir.

Q That was signed on or about June 16, 1986?

A Yes.

Q And you found it in California?

A That is correct.

Q Where did you find these documents in California?

A In my office. I have an office at home. I found that there.

MR. JANIS: The next document is an investment management agreement between AH subaccount 3 and CSF Investments. It is dated June 16, 1986 with respect to a $200,000 deposit made on June 18, 1986.

MR. LIMAN: Please mark this Exhibit AH-11.

(The document referred to was marked as Deposition Exhibit Number AH-11 for identification.)

BY MR. LIMAN:

Q Mr. Hakim, if I turn to page 5, your signature appears on this?

A Yes.

Q And it was signed by you on or about June 16, 1986?

A Yes.

Q And it was also found by you in California?

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A Yes, sir.

Q Now, is this the -- can you tell me what this $200,000 was going to be used for?

A I have not been able to sort that out in my mind. I tried to do that prior to coming here. It could have well been the so-called Button investment or, or it could be the contra death benefit investment.

(Counsel confers with witness.)

THE WITNESS: There is also a third possibility. If I recall correctly, there must be somewhere in my deposition during the past few days that I believe referred to setting aside some money for investment. It could be also the balance of that money. So I am not quite sure.

BY MR. LIMAN:

Q You referred to setting aside, I believe, $500,000 for investment.

A It could be the balance of that.

Q As you look at this now, as I understand it, you don't know whether this was the Button account, the contra death benefit account or part of the money for investment to be made on behalf of you and General Secord?

A That is correct, sir.

Q Do you have any documents that would indicate what it was for?

A If and when we should be able to get the total

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picture -- by that I mean to be able to also see how the people that I employed to maintain the books, once we get into their system, we should be able to find out what it is.

Q What kind of record would you expect that would help identify whether this was a Button account or other accounts?

A Basically, what I like to do is to audit their accounting and see what happened to all these three elements.

Q Was the account that was set aside for contra death benefits ever drawn down upon?

A I don't really know how CSF managed this.

Q Would death benefits pay out of that account?

A No.

Q Was the account for which $500,000 was set aside for investments ever drawn down upon?

A They were supposed to. If they indeed did that or not -- see, we have made, as I have testified, made investments in other areas.

Q Was this account supposed to be used, for example, for the TriAmerican investment?

A Exactly. So how it was done within CSF I cannot testify to.

Q What about the Button account -- was that ever drawn down upon?

A No.

Q And so far as you know is the Button account still in tact?

A If they ever created it, it should have remained in tact, and I also testified that I am not aware of the discussions that Mr. Zucker had with Mrs. North.

Q Does that mean that you do not know whether Mr. Zucker succeeded in passing any money to Mrs. North?

A It is possible, but it is not probable because I should have informed if it would have taken place.

Q And Mr. Zucker never told you that he succeeded in passing any money to Mrs. North?

A That is correct.

Q This account is denominated AH Subaccount 3, right?

A Yes.

Q Did you ever see any documents indicating that the Button account was denominated subcommittee 3.

A No, I haven't.

Q What about the contra death benefit account?

A I have not seen such a document either.

Q Or the investment account?

A I might -- there might be such a document. I don't remember. That was more specific. I don't remember that.

Q Let's go on.

MR. JANIS: The next document is responsive to the committee's request to Mr. Hakim regarding what were loosely called wills or testimentary documents. There are two such documents. The first is addressed to the holders of AH subcommittee 1 and 2 signed by Mr. Hakim. I am going to give you that now, Mr. Liman.

MR. LIMAN: This document should be marked as AH-12.

(The document referred to was marked for identification as Deposition Exhibit Number AH-12.)

BY MR. LIMAN:

Q Does A.H. 12 represent one of the testamentary designations or wills as we have used that term that you have testified to?

A Yes, sir.

Q And does it bear your signature?

A Yes, it does.

Q Unlike the other exhibits relating to the accounts, this doesn't have a date. Do you observe that?

A That is correct.

Q Do you recall when you signed this document?

A The answer is, no, but it was definitely prior to November.

Q Whom did you instruct to prepare this document?

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-- A My attorney, Mr. Zucker.

Q And where did you sign it?

A In his offices in Switzerland.

Q Who was present when you signed it?

A To the best of my recollection it was just Mr. Zucker and myself.

Q Was the person who signed this Evlyn Repiqut-- R-E-P-I-Q-U-T? Does that name ring a bell with you?

A Yes. She and I separately signed that. When the document was prepared by Mr. Zucker I separately signed it with her in her office, which is different than Mr. Zucker's.

Q Did you read the document before you signed it?

A Yes.

MR. LIMAN: May I have the next exhibit, please?

MR. JANIS: The next exhibit is a similar document with respect to AH subaccount 2.

MR. LIMAN: Would you mark this one as AH 13?

(The document referred to was marked as Deposition Exhibit Number AH-13.)

BY MR. LIMAN: Am I correct that this bears your signature?

A Yes, sir.

Q Did you sign AH-13, which covers subaccount 2, at the same time that you signed the document covering

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subaccount 1?

A I am reasonably sure, yes.

Q And do you recall when you signed this document?

A The same answer. I can't recall, but it was before November.

Q Do you remember any event or conversation that occasioned you to sign -- that occasioned you to instruct Mr. Zucker to prepare these documents?

A I remember my motivation.

Q But was there some event or conversation?

A No. I can't remember that. But I do recall since I became as an individual, the beneificary of those monies, I requested such a paper to be drawn.

Q Well, let me see if I can have you elaborate on that. When you said you became as an individual the beneficiary of them, you became the beneficiary when they were put into accounts AH-1 and AH-2, am I correct?

A And 3, that is correct.

Q As a result, those monies were no longer in the corporation as such, am I correct?

A That is correct.

Q And you therefore wanted to provide by these documents that if something happened to you, the money would not go to your heirs, but would be disposed of as provided in these instructions?

A That is correct.

Q And you have testified to your motivation earlier, and I will explore that some more later.

MR. LIMAN: Let's go to the next document.

MR. JANIS: Can we go off the record for a second?

MR. LIMAN: Yes.

(Discussion held off the record.)

MR. LIMAN: Let's go back on the record.

While we were off the record, I was informed by Mr. Janis that the next document that he was producing has marking on it of top secret; that it contains sensitive information that could affect the lives of individuals, I assume, and I have stated that under the procedures and rules of the committees, we handle top secret, code word, documents all the time.

We maintain them on a closely held basis, and we have certain procedures with respect to the use of the public proceedings to ensure that we do not jeopardize national security or risk lives of other people. What I would suggest is that you mark the document. We will put it aside in a separate envelope, and I would like to have Mr. Hakim at least describe on the record in terms that will not jeopardize individuals what the document is.

Since it is in Farsi, I believe that only [redacted] and of course Mr. Hakim will be able to do anything

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with it anyway.

Mark it as the next exhibit.

(The documents were marked as Deposition Exhibit Number AH-14 for identification.)

BY MR. LIMAN:

Q Would you describe in general terms what this document is?

A This is basically a report from the so-called Mr. [redacted]

Q Who gave you the document? Was it a CIA official?

A I believe -- well, no, it came from -- my understanding was and is that from CIA people it was given to Mr. Secord and Mr. Secord gave it to me to get my assessment of this report.

Q As is the term "top secret" written on it in Farsi.

A Yes.

Q The document is in Farsi?

A The document is in Farsi written on stationery of a hotel, Concord, Lafayette, Paris.

Q Do you know what the date is of this document?

A I know the Iranian date on this.

Q What would the translation be for our purpose, roughly?

A Roughly it would be July-August.

Q Of 1986?

A It is a year ago -- it is 1365 Iranian year, and

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I believe now it is 766.

Q So it would be 1986.

A Yes.

MR. JANIS: The next document is also in Farsi.

MR. LIMAN: Is this document in the same category?

THE WITNESS: Yes, it is, sir, a different date.

MR. LIMAN: Mark as AH 15.

(The document referred to was marked as Deposition Exhibit Number AH-15 for identification.)

BY MR. LIMAN:

Q AH-15, I am going to write top secret code word on. Who gave you this document?

A The same man, sir.

Q What is the date?

A This is prior to the -- it is dated a few weeks prior to that, that is in July. Let me see -- because my birthday is in July. See if I can't figure this out. I should be around the 17th of July, approximately.

Q Now, was this document from the same person to the same person?

A Exactly.

Q Thank you.

Have you read these documents recently?

A No, not recently. I glanced at them this morning.

Q Did either of these documents complain about pricing?

A Not this document, no. These -- at least the first one that I read didn't complain. It was basically a review of the events, the first one, and this one --

MR. JANIS: That is the first one.

THE WITNESS: The second one --

MR. JANIS: Do you want him to take the time to reread these?

MR. LIMAN: No, not at this time.

THE WITNESS: Glancing at it, Mr. Liman, it doesn't -- it is an analysis, a political analysis, if you will, and doesn't talk about the complaints about the pricings.

MR. LIMAN: Let's go on.

BY MR. LIMAN:

Q AH-16 has just been produced to me and it appears to be a transcript of a conversation dated March 18, 1986, and I think this will have the same classification, but let me ask you who gave you this?

A I prepared it and I kept it, I kept a copy. This is a transcript from one of the recordings I referred to earlier in my testimony when I was talking to Mr. [redacted] over the phone, and we recorded the conversations and gave the tapes to be given to the CIA.

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This particular one I was asked by Mr. Secord to translate it because apparently it was important. There was some time pressure and they needed to know what the conversation was all about, so I sat in the office, our offices in Vienna and translated it.

(The document referred to was marked as Deposition Exhibit Number AH-16 for identification.)

BY MR. LIMAN:

Q And you gave a copy of this to General Secord?

A Plus the tape.

Q Did he tell you to whom he gave the tape and the copy.

A He gave me the impression that it would be given to the CIA.

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#2
magl
(11:15 am)

BY MR. LIMAN:

Q You have already testified what Falkands referred to.

A Pardon?

Q You said in prior testimony they refer to -- do they refer to Phoenixes or Hawks?

A No, Phoenixes.

Q And the number "240" represents -- refers to what?

A Spare parts.

Q The Hawk spare parts?

A Yes, 240 items.

Q Is this another one of the documents that you found in California?

A Yes, sir.

Q What does "Jiyan, cheaper car" stand for?

MR. JANIS: Which page is that, Mr. Liman?

MR. LIMAN: Page 5.

THE WITNESS: That is an Iranian-made car. It is pronounced "Jee-yan," the French "J."

BY MR. LIMAN:

Q And what kind of armament does that stand for?

A May I look at it?

Q Sure.

A Probably, since we didn't have any pre-assigned code words, we created those as we discussed. It probably refers

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to the TOWs, if I am not mistaken.

What he is saying, basically, is he has agreed to accept something less sophisticated than the Phoenixes.

Q Does AIDIE stand for hostages?

A Yes.

I also testified that I referred to the Iranian new year's present.

Q Is that an Iranian word?

A Yes.

Q What is the translation -- botches?

A It is new year's gift. If you go back to my deposition, somewhere in there I -- when I was trying to recall one of the dates I referred that I talked about AD, which is the gift.

Q What is the souvenir?

A Probably it is referring to -- this is again one of those creative pieces of work by Mr.[redacted] Probably it is something that he wanted us to bring or send to him. If you look at the whole transcript, I probably would be able to figure it out.

But it refers -- as you can see, judge from this, it is really a bargaining exercise. He wants something that he can not get, and we want something that we can not get.

Q The souvenir installment was something that --

A Something that would show that we are serious.

Q And you refer here to how you have been able to deal with the bureaucracy and how Congress is on everybody's back.

Was that bargaining talk?

A Oh, definitely.

Q That is what it sounds like. I just wanted to get it on the record.

A Definitely, yes.

Mr. Liman just touched upon something that brings a lot of things back in my mind which I believe you would find it important.

In both -- during the discussions with both channels, one of our so-called bargaining chips with them was that if you guys want to get someplace with us, you have to recognize our position -- us, the Americans -- that we are going out of our way around the Congress, and if you squeeze us any further we won't be able to help you in the manner that we have started to help you.

That was used continuously as a bargaining chip.

MR. LIMAN: Any more documents?

MR. JANIS: Yes.

MR. LIMAN: AH-17 is a document that consists of a card of a ship broker, Mr. Nielson, a slip of paper with Mr. Herup --

MR. JANIS: H-E-R-U-P.

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MR. LIMAN: H-E-R-U-P, yes, on it -- and six sheets that appear to relate to the Erria, including a power of attorney to Mr. Hakim for Mr. Farina and the standard Panamanian form of resolution for the power.

(The document marked Exhibit No. AH-17 follows:)

**********COMMITTEE INSERT**********

BY MR. LIMAN:

Q What do these documents represent?

A These are the documents that I kept from the trip that I took to purchase the ship.

Q The Erria?

A The Erria.

Q Okay.

Let's go to the next document.

MR. JANIS: We didn't make enough copies of these next documents.

MR. LIMAN: We can always make them.

MR. JANIS: The next document is number 18. This is Mr. Hakim's state and federal income tax returns for the years 1983, 1984, and 1985. We have not had an opportunity -- we don't have the one for 1982 yet which might be responsive to the subpoena.

MR. LIMAN: Would you mark this?

(The document marked Exhibit No. AH-18 follows:)

**********COMMITTEE INSERT**********

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MR. LIMAN: Next document, please.

MR. JANIS: The next document -- again, we didn't make sufficient copies -- is a copy of Mr. Hakim's telephone -- personal telephone book.

MR. LIMAN: Would you give this the next exhibit number?

(The document marked Exhibit No. AH-19 follows:)

**********COMMITTEE INSERT**********

BY MR. LIMAN:

Q Exhibit 19, where did you keep Exhibit 19?

A I normally carried it in my briefcase.

Q And it was a book where you kept adding names to it, correct?

A Yes, it is a normal telephone book, pages in a binder.

Q Did you -- how current is this book?

A This is one of my tools.

Q Is this one you are still using?

A Yes. Yes, sir. I may have some old telephone books.

Q Is this complete? Did you remove any pages from it?

A I gave this to --

MR. JANIS: It was copied intact from Mr. Hakim's book.

BY MR. LIMAN:

Q Just taking a quick look at it, I don't see North's phone number. I will look at it good, but --

A This should be in -- I don't know what --

Q You have a lot of lawyers' numbers, but -- you have half the Bar, it seems.

A It is not necessarily -- the telephone numbers are not necessarily registered under the name of the person himself. Normally, the person that I know could very well be -- may I take a look at it?

Q Yes. Just show me.

A It could be under Secord's name, because I didn't know North. It is here, sir.

Q Under --

A Here.

Q I see.

A For instance, to give you in a way of example what I earlier testified, you see George Cave's number in here. It is under North's because I met him through North, so this is Ollie North's. That is his number, and I believe the name of one of the --

Q What is this under? What letter is this under?

A "N".

Q I see.

It says "North C.K.," right? Read it to me.

A It says -- no, no. This is a different entry. That

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is Nole.

Q Where is North?

A North is here, Ollie North.

Q Ollie North.

A 202-395 -- this is the number they had and changed it and kept changing it.

Q That was the office number.

A Yes.

Q Then you had his secretary's number, Fawn?

A No, that is not -- it is just a reminder who the Secretary is.

Q Right.

A This is the switchboard, the general switchboard.

Q Did you have his home number?

A I think so. Here, it says "home," doesn't it?

Q Looks to me like it says "home."

A Yes, I believe so.

Q And --

A Or, no, it says "home direct," yes.

Q Home direct.

A Now I recall. This [redacted] was the number that earlier I used to just to get to his home.

Q That is the White House switchboard.

A Switchboard. Then I recall having had difficulties locating him, and then I got the direct -- that is why it

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says "home direct."

Q And is that the number that you gave to Mr. Zucker in order for him to call Mr. North?

A I don't recall -- I don't recall really what. Logically, it must be.

Q You gave Zucker a number.

A Yes. So, I don't know whether this was the one. Just again, for a second, I mentioned during the time I was being questioned about the CIA officials that I met and I said there was a gentleman that I met that I didn't recall his name that was at the luncheon with Mr. [redacted] and Mr. North. His name is here -- [redacted]

Q And the DEA reference, is that to the person who was to meet you [redacted]

A Yes, [redacted] yes.

Q Are those all the documents that you have today?

MR. JANIS: Yes.

BY MR. LIMAN:

Q Let's go back to these two reserves which are covered by the agreements, AH-9 and AH-10, the two reserves of $2 million each.

A Yes.

Q Now, I know you have testified on it, but I want it as clear on the record as your recollection will permit.

The first reserve which was put in A.H. subaccount #1 was established March 5, 1986.

A Let me see.

Yes.

Q Now, the second one was established on June 18, 1986.

A Yes, sir.

Q Now, these reserves were established before you opened up the second channel.

A Yes. The second channel started -- became active in July.

Q In your own words, at the time that you created the first reserve which is AH-1, what was its purpose?

A To have a total financial back-up for any emergency reserve, basically to have financial backbone.

Q And what was the purpose of creating this second reserve in June, same purpose?

A Same purpose.

Q So that at that point you had $4 million as what you call "financial backbone"?

A Yes.

Q Now, in your own words again, explain why in the case of subaccount 1 you gave North power in the event of the death of Secord and yourself while in subaccount 2 you limited it to Secord in the event of your death?

A First of all, I continued to treat these monies as the enterprise's money. That is why I created the will,

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the so-called will. And I believe his subaccount 2, which is at the later date --

Q Yes, that is June.

A We started to talk to the people for the second channel, June, July.

Q Well, you are not able to say when you gave these powers other than that they were after the accounts were established and before November?

A The point that I am trying to make --

Q What I am trying to focus on is the time you gave the powers, which I gather is different from the time you opened the accounts.

A Exactly.

Q At the time you gave the powers, had you already begun your discussions with the second channel?

A Yes.

Q And then when you gave the power for subaccount 2, was it your intent that Secord would be able to use that money to take care of your obligations to subaccount 2?

A That is correct.

Q And you have testified before that you did not consider it to be seemly for a government official like North to take -- to have to fulfill those obligations, correct?

A Correct.

Q Now, did you tell the people who you had these

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obligations to in connection with subaccount [illegible] that in the event something happened to you, Secord would look after them?

A One particular person, I did tell him that, yes.

Q And did he ask you, you know, "What will happen if something happens to you, Albert?"

A No, I volunteered.

Q So it was not a case of your creating these powers because someone in channel two said, "We trust you, Mr. Hakim, but if something happens to you, where are we?"

A No, no, no. The whole idea of the creation or requesting the so-called wills we drafted was initiated by me as a -- I felt obligated towards the enterprise, towards the mission, towards the people that were involved.

I personally created those.

Q As I understand your earlier testimony, it was your hope and goal that if the second channel was successful in relations between Iran and the United States were normalized, you would be able to, quote, "make a bundle," in doing business in Iran?

A That is correct.

Q And that Mr. Secord would be your partner in that venture?

A Yes, sir.

Q And were the Iranians whom you were dealing with in

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opening up this second channel to be partners in that venture, too?

A Yes, sir.

Q So that -- let me see if I understand -- you know what the term "bakhshish" means?

A Yes, I do.

Q Is it fair to say that that is a way of life in that part of the world?

A That is correct, sir.

MR. JANIS: Would you tell us, for those of us who don't speak Farsi, what that is, because you have an obvious advantage here.

MR. LIMAN: I think it is an Arabic word, but I don't know that it is. Maybe it is an English word.

THE WITNESS: No, it is Arabic, which is frequently used in Farsi, and it really has a very positive ring.

Bakhshish is a donation for religious reasons.

BY MR. LIMAN:

Q Doesn't it go beyond that? When they set the compensation of officials in that part of the world, is there not some expectation that there is going to be some bakhshish, too?

A That is what the foreigners -- foreign to Iranians -- use within the Iranian community, though they have different

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verbiage which refers to their right.

Q It is an entitlement.

A An entitlement, yes.

Q Entitlement to bakhshish.

A Right.

Q And if you want even the most ~~ministerial~~ miniscule thing done --

A There is an entitlement.

Q There is an entitlement and there is bakhshish.

A Right.

Q Was the $2 million for subaccount 2 the one where Secord had the power to be used for bakhshish or to be used as part of the cap for this business enterprise that would be functioning in the market in Iran?

A Both possibilities and combination of both possibilities were considered. We never finalized how we were going to handle it. We were hopeful that once we got to a point that you could really sit down and do business with the Iranians, sort all these things out.

Q When you say, "We considered both," who is the "we" at this point?

A Mr. Secord, myself, and the Iranians.

Q And you never finalized your arrangement, as I understand it, with the Iranians involved in the second channel?

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A We could not do that, because we did not know whether we were going to be successful. If we are not going to be successful, it would have taken the form of bakhshish. If we would have been successful, it probably would have been invested for their benefit in the joint venture.

We did not really clarify it.

MR. LIMAN: Off the record.

(Discussion off the record.)

MR. LIMAN: Back on the record.

THE WITNESS: In the testimony that I just gave in connection with subaccount --

BY MR. LIMAN:

Q Two.

A -- two, I want the record to reflect that at no time we lost the sight of the prime purpose of these set of accounts which were for the purpose of financial back-up.

In other words, I do not want the deposition to give the impression that it was intended to give $2 million in the form of bakhshish to the Iranians.

Q I understand that, that you would use the $2 million if the venture was -- if the venture was successful in opening up the second channel, the $2 million would have been used --

A And if we didn't have to use it for other

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emergencies and whatever would be left --

Q Would be used in order to do business in Iran?

A Yes, to initiate the Iranian business venture.

Q And if you failed in opening up the door to Iran, then you had some obligations in the nature of bakhshish that would have to be paid?

A Yes, sir.

Q And do I understand your earlier testimony to be that the total amount of those obligations has never been fixed?

A That is correct, sir.

Q Are you still getting pressed by any of the people?

A Impressed which way?

Q Pressed.

A Oh, pressed. Sorry. It is more than pressed.

Q Threatened?

A That is closer.

Q Now, when you started doing the business of the enterprise, as you have defined it, in 1985, roughly, with the arms sales to Calero, the enterprise essentially had no capital; is that correct?

A That is correct.

Q And so from the sales to Calero, from the Iranian arms sales, you generated the money that you needed for this enterprise to function?

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A When you say "sales to Calero," you are referring to the donations, I assume?

Q Well, you did get commissions on the sales to Calero.

A Yes.

Q And those monies were left in the enterprise for a period of time, weren't they?

A Okay, yes. I am with you now.

Q Then the Iranian sales took place, and you generated money from them, correct?

A Yes, I am with you.

Q And you set aside the reserves.

A Yes, that is correct.

Q And would I be correct as a commercial lawyer, really, looking at these reserves as something that were, in effect, a substitute for capital?

A Definitely.

Q I would be correct?

A Definitely.

Q Now, the $2 million that was in AH -- in subaccount 1, which is the account as to which North would have some power of disposition if both you and Secord died, was that to be used solely for capital of the enterprise as opposed to taking care of these Iranians?

A That was the intent, sir.

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Q Now, on AH-10 -- I think I know the answer to this one -- they refer to subaccount 2 as the client.

A Yes, sir.

Q Okay.

And this --

A This is standard form.

Q You understood that as long as you lived you had the power of the disposition of this account?

A Right.

MR. JANIS: I might also note on page 5 of that same document there is a line that says "signature of client." Mr. Hakim has testified that is his signature.

MR. LIMAN: Right.

Let's take a two or five-minute break.

(Recess.)

MR. LIMAN: We are back on the record.

BY MR. LIMAN:

Q Mr. Hakim, you had a long relationship of trust with Mr. Zucker, correct?

A Yes, sir.

Q Explain to us why you named Oliver North as the successor to you and Mr. Secord rather than Zucker.

A In other words, you are asking me why I did not leave instructions for Mr. Zucker to handle these monies?

Q Yes, why, if something happened to you and also

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happened to Secord, why did you choose North [illegible] the person who would be able to dispose of all this money as opposed to Zucker, who was your financial trustee, anyway?

A This is very obvious. I said that although the money was set aside under my name, I continued to treat that as the enterprise's money, and I didn't think that Mr. Zucker knew what the mission was and what the activities of the enterprise consisted of for him to know what to do with it.

Q And so, if both you and Secord were gone, then you saw North as the logical person?

A Right.

Q And why was it that in this power you gave Secord and North -- whoever survived -- the power to use the money for their own purposes?

A Well, here comes the business phase of this enterprise, and I tried to explain the other day that the formation of the enterprise was most unconventional.

We started out looking at it as purely a business enterprise, and as I got more involved, I saw signs and influences that was contradictory, so when I thought of that part, you know, that was sort of if we all die, then it is obvious we want our families to benefit.

To me, after North, I had no other contacts. I knew no one beyond North.

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MR. JANIS: Can we go off the record a second?

(Discussion off the record.)

MR. JANIS: Back on the record.

THE WITNESS: Did I answer your question?

MR. LIMAN: I thought you answered the question. Let me just see if I understand it.

If you and Secord and North were gone, then you couldn't see anything further in terms of this enterprise?

end mag (12:00)

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STEIN 2:45

CAS-1

A Exactly.

Q So that you left it to North if both you and Secord were gone to decide what he wanted to do with the money in that eventuality?

A That is correct.

Q Now, did you tell Secord that you had made these provisions in the event of your death?

A Yes, sir.

Q Did Secord suggest that North be named?

A No.

Q Did he object to North being named?

A No.

Q Did you ever tell North that you had provided for him?

A I vaguely remember saying words to the effect that if I should die, the enterprise can continue. He was worried that there was a damage control mechanism in the form --

Q Why? You are now speaking like a Government official with words like "damage control". Was that your language when you were in Iran?

A No, I am learning new language, sir.

Q Let's go back to plain talk. Was he aware that you had made some provision --

A That he would be in control.

Q That he would be in control?

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CAS-2

A Yes.

Q Have you ever heard of Robinette?

A Yes, sir.

Q And who is Robinette?

A Robinette is to the best of my knowledge -- I have come to see that I appear or I think I know a lot and then things turn out to be different -- he was introduced to me as being a retired CIA analyst or official, and for some time. That he was employed by General Secord to help us out with this Florida lawsuit.

Q Did you ever transfer money to Robinette to be given to the Norths?

A Not I.

Q Did anyone, to your knowledge?

A I find that most unusual -- no, I don't know. I don't know.

Q You have testified about the fact that --

A May I add something to --

Q Sure.

A -- to the connection of Robinette and North that I just recall. It has nothing to do with the financial end of it. The only area that I recall that Robinette was in any way or form introduced to North was when North was being threatened and Robinette is an expert in security and he was asked to establish a security network for his home.

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CAS-3

Q And did you arrange to pay for that?

A I had no involvement.

Q Did you know that the enterprise was paying for that?

A I have no knowledge of that.

Q So you have no idea who paid for it?

A I don't even know if such a system was installed. I recall that that was an issue.

Q Do you recall that it was Secord who told you about this or North?

A Definitely not North. I would also eliminate Robinette. He doesn't talk. It must have been Secord.

Q Incidentally, I can't resist it, but we find that also true of CIA people. They don't talk much.

In the period from 1985, beginning of 1985 until November of 1986, when all hell broke loose, where did you make your principal office when you were in the United States?

A Basically my home.

Q In California?

A In California.

Q And you also spent some time, I take it, in the Virginia office of STTGI?

A Very -- during that period of time, very seldom.

Q Did STTGI have a telex machine?

A Yes.

Q Were instructions communicated to Zucker by way of

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telex?

A Sometimes.

Q Do you have copies of any of the telexes that were communicated to Zucker during this period with respect to these accounts?

A Mr. Liman, when you said we communicated with Mr. Zucker by telex, are you referring to the contra/Iran initiative or our business relationship?

Q With respect to transfer of money. I mean, I am well aware that telexes customarily are used in financial transactions to make a record of the instructions that you give to banks or managers. Isn't that your experience, too?

A Yes.

Q Was that practice followed by you?

A Yes.

Q And we do not seem to have the telex instructions. We may have some, but I am asking whether or not you have copies of telex instructions that were given to Zucker with respect to these companies.

MR. JANIS: I want to make sure there is not a misunderstanding. I think Mr. Hakim answered your question about telexes in the general.

MR. LIMAN: If he gave an instruction to Zucker to transfer $50,000 here or transfer $70,000 there, what I am asking is whether there are telex instructions which we have

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not been given that he is aware of, and if there are such instructions, I would like to get copies. I think they have been covered by the subpoenas and --

MR. JANIS: Let me make my point because I don't think you understood. I am not sure that I understand Mr. Hakim. I think what he was trying to distinguish between was normal business transactions in which telexes might have been used and business transactions with the enterprise in which telexes may or may not have been used.

THE WITNESS: That was my question. Normally, when I wanted out of the U.S. to execute a transaction related to either the contras or the Iranian initiative, I always made it a point to do it by phone and talk in riddles and not to leave any trace.

I do not exclude the possibility that sometimes we had to send telexes, and if we did, it is not my normal practice to carry copies of documents that should remain in the office. But I am willing to search.

BY MR. LIMAN:

Q Mr. Hakim, you mentioned in one of your earlier sessions that since November you have spoken to and seen North a few times, do you recall that?

A Yes.

Q When since November of 1986 have you seen North?

A There is a -- I believe -- I believe -- well, I am

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sure I met him in the Sheraton Hotel. I also believe that Mr. Green was present and Mr. Secord was there.

Q When was that?

A I don't remember. So that must have been prior to my retaining Mr. Janis.

Q What did you discuss?

MR. JANIS: Hold it.

(Counsel conferring with witness.)

MR. JANIS: To the extent you are asking Mr. Hakim to report on conversations that took place involving Mr. Green, those conversations are subject to the attorney/client privilege and, therefore, Mr. Hakim cannot answer that question.

MR. LIMAN: Well, not every conversation that you had with Colonel North in the presence of Mr. Green is privileged and I think you can invoke the privilege as to those portions which you think are covered and let him testify as to the rest.

BY MR. LIMAN:

Q Was Mr. Green representing you at that meeting?

A Yes.

Q Was he representing Mr. North at that meeting?

A Yes, and also Mr. Secord.

Q And he was representing Mr. Secord?

A Yes, sir.

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CAS-7

Q And the testimony has been that Mr. Green withdrew from the representation of Mr. North in about the third or fourth week of November. I think I have a letter that indicates that he withdrew somewhere around November 27, 1986. Do you recall when this meeting was?

A It was --

MR. JANIS: Was this before Mr. North had another attorney, Mr. Sullivan, or afterwards?

THE WITNESS: It was before he had his own attorney.

BY MR. LIMAN:

Q Do you remember was it before he was fired or after he was fired from the NSC?

A I think it happened -- I don't know exactly when he was fired.

Q Well, he was publicly fired by the President of the United States on Tuesday, November 25th.

A Then he was not fired, because I believe at that time I was even out of the country. I can consult my passport and see. I believe that at that time I was not even in the country.

Could you excuse me one moment?

Q Do you want to step out and consult? Would you please, because we have discrete dates --

MR. JANIS: Off the record.

(Discussion off the record, and consultation

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between witness and counsel outside the room.)

MR. LIMAN: Back on the record.

MR. JANIS: The bottom line on our -- on Mr. Hakim's position is that any discussions that took place with Mr. Green and Mr. Secord and Mr. North and Mr. Green at the same time are covered by the attorney/client privilege and he is not at liberty to discuss those matters. Not only can he not waive his own privilege, but he can't waive the privilege of the other people.

BY MR. LIMAN:

Q When was the last time you saw Colonel North?

A I haven't seen Colonel North for many months now.

Q Have you seen him since you were represented by Mr. Janis?

A No.

Q When was the last time you spoke to him?

A I haven't spoken with him for many months.

Q Did he send any messages to you through anyone else?

(Witness conferring with counsel.)

THE WITNESS: No.

BY MR. LIMAN:

Q There has been some testimony by you about the fact that at one time General Secord told you that he wanted to foreswear his share of profits; do you recall that?

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A Yes, sir.

Q When was it that General Secord told you that and what did he say to you?

(Counsel conferring with witness.)

THE WITNESS: I cannot exactly remember the date, Mr. Liman.

BY MR. LIMAN:

Q Was it before the Iranian sales began?

A I believe so.

Q Give us your best recollection of the date.

A I believe it was during the time that he was frustrated with the CIA. This is to the best of my recollection -- that it was during the time that he got into one of his general moods and wanted to go back to the Government and straighten things out. So that --

Q What do you link that with?

(Counsel conferring with witness.)

THE WITNESS: Can you give me a date on the time that Dutton and Secord and North were trying to sort out their relationship with the CIA and the Government in connection with the contra activity?

BY MR. LIMAN:

Q You mean about disposing of the assets to the CIA?

A Or sometime before that, yes.

Q They began those discussions when Congress adopted

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CAS-10

legislation that was repealing Boland and that would have been either -- the legislation was adopted or it was signaled in or around June of 1986 if my recollection serves me correctly.

A I would say that is a close time, that time frame.

Q What did he say to you?

(Counsel conferring with witness.)

THE WITNESS: You are talking about 1986, aren't you?

BY MR. LIMAN:

Q That is when this happened.

MR. JANIS: I am sorry. Can we take a minute to try to reconstruct this?

I want to make sure he is being accurate.

(Counsel and witness leaving the room.)

MR. JANIS: Could we hear the last question again, please?

(Whereupon, the reporter read the pending question.)

BY MR. LIMAN:

Q There is a question pending, what did General Secord say to you?

Mr. JANIS: I would like to go back to clarify the time --

BY MR. LIMAN:

Q Sure, go ahead.

CAS-11

A The elements that I can reconstruct in my mind to go by to try to determine the time are the following:

It was, to the best of my recollection, prior to the last distribution of the commissions on the contra sales.

Q The stranded weapons?

A Yes. And it was also at a time that Richard had reached the limit of his frustration with the CIA. These are the things that I recall. That is why I related that to the time that they were sorting things out. And then I asked you about the time that they were trying to sort out -- I would say it was some time in early to mid-1986.

Q Is one of the reasons that you can't place the date more precisely that there is no written record of this waiver?

A That has never been our method of operation, to have records, but --

Q Yes or no?

A Yes.

Q Is there a written record of this waiver?

A No, there isn't.

Q Did you ever give any writing to Mr. Zucker saying that the profits in the Korel account are no longer to be held for General Secord?

A I don't believe so.

Q Did the conversation that you had with General Secord in which he said that he didn't want to participate in the profits take place before or after you named him in these so-called wills?

A Before.

Q What did he say to you?

A He said to me, to the best of my recollection, that there might be a possibility for him to go back to the Government and, if so, he doesn't want to have any taint from these operations.

Q Did he continue after he gave you that statement or expression to give instructions with respect to the enterprise?

A Yes.

Q Did he offer to give back the money that he had withdrawn previously as his share of the commissions?

A Intend to -- to whom?

Q Did he offer to give back to you or the enterprise the money that he had withdrawn previously as his share of commissions?

A I don't know -- you mean actually withdrawn?

Q Yes.

A I am not aware if he withdrew any money. I would have to consult the records. I don't recall -- if he withdrew money, I don't recall any statement by him telling me that he withdrew money and he was going to return it.

CAS-13

Q Did this conversation he had with you take place before or after you were looking at investments for Tri-American Arms?

A I believe it was way before that, to the best of my recollection.

Q Did it occur before you transferred the $150,000 to TriAmerican Arms?

A Before. By the way, there is one thing that I would like to mention that -- when you were asking me about Mr. Zucker, if I gave him any instructions about these monies. I believe I loosely mentioned to Mr. Zucker that --

MR. JANIS: Hold on for a second.

(Counsel conferring with witness.)

THE WITNESS: At one point I may have told Mr. Zucker that Richard has told me that he may go back to the Government, just to that extent, no further.

BY MR. LIMAN:

Q You testified that from time to time you and General Secord would visit Mr. Zucker's place of business and look at the records, am I correct?

A Yes, sir.

Q From the time that you and General Secord began doing the business that became the enterprise, let's say first with the sale to Calero and then right through to a second channel, were his share of the commissions and then of

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CAS-14

profits always put under the name of Korel?

A Yes, sir.

Q I want to ask you something which I will treat as, again, code word, top secret marked as the next exhibit, a sheet of paper which has two names which I intend to share with John Nields and his minority counsel, but otherwise keep it closely held.

(The document, A.H. Exhibit 20, was marked for identification.)

BY MR. LIMAN:

Q I don't vouch for the spelling, but was the name which has number one after it the person who introduced you to the second channel?

A Yes, sir.

Q And is the name which has the number two after it the person who he brought into it to set it up, the second channel?

A Yes, sir.

Q And were these people going to be partners with you and General Secord in the Iranian market business?

A Yes, sir.

Q Now, would you please explain to me -- and I can assure you the transcript doesn't really tell the story -- the discussions that you had with the second channel people about supplying them with medicine or medical supplies. You

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have testified to it, but I have read the transcript and I still don't understand it.

A I believe this thing -- that the reason it is confusing is because of my approach as a little guy in this whole chain and the approach of the -- what I call the principals.

Q Just tell us when did this subject first come up --

A I am coming to that. This subject of medicine came up even prior to us starting the search for the second channel. I always subscribed to approaching the Iranians even during the time of the so-called first channel on the basis of showing our interest in their country, showing American interest in their country by helping them out with medicine and doctors, helping them with the victims of the war and so on.

So I started an effort personally with a channel that existed and had nothing to do with a second channel, and I believe I was shown some documents that were given to the committees from our company in connection with the medicine and so forth, a certain doctor, his name is on these telexes.

I started this initiative of giving free medicine to Iranians parallel with the activities of channel one. So that sort of spilled over. It remained dormant and when we started with the second channel, we threw that in as a

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sweetener.

Q What did you tell them, that you would sell them medicine on credit?

A No, no, they knew all along that we had set aside three pallets of medicine that was -- I believe it was set aside [redacted], because I was told either by General Secord or Colonel North that there were three pallets packaged with [redacted] writing on it. [redacted]

So that was set aside to be shipped to them free of charge.

Q And where were these pallets, where were you told these pallets were?

A I got the impression that they were with the manufacturers because when I was pushing for these pallets to be shipped, I was told that the people were on vacation, holidays, company holidays and so forth, and they just couldn't do it.

My impression was that they were with the manufacturers.

Q And so these pallets were going to be shipped by the United States Government?

A No.

Q Well, who was paying for them?

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A I think it was a donation from the manufacturer -- that was my impression, that it was a donation from these manufacturers --

Q To whom?

A From our group to the Iranians.

(Counsel conferring with witness.)

THE WITNESS: Mr. Liman, I was told that they were donated by the manufacturers. That was my impression.

BY MR. LIMAN:

Q So you were told by either North or Secord that thes pharmaceuticals were donated by the manufacturers; is that right?

A Yes.

Q And to whom did they donate them?

A My impression was that this was intended to be -- I may be speculating --

Q Were you told that these were donated for the benefi of the [redacted]

A My understanding was that they -- from the same line they managed to get three pallets to give it to the Iranians.

Q When you say "they", you mean again General --

A The Government.

Q Well, who in the Government managed to get these?

A Colonel North.

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CAS-18

Q And did you understand that the manufacturers were told that they were donating to Iran?

MR. JANIS: If you know.

THE WITNESS: I don't know that. I have no idea.

BY MR. LIMAN:

Q But didn't you start this line of testimony by saying that you understood that this was a donation that was intended originally for the [redacted] and then Colonel North or General Secord indicated that it could be used for the Iranian initiative?

A If I gave you that impression, I misspoke. I meant to say that it was a donation for the Iranians and it was from a shipment that was intended, or a line of shipment that was intended for [redacted]

Q But this wasn't a case of Colonel North diverting medical supplies from the [redacted] as you understood it as it was presented to you?

A That is not what I understood.

Q Did you discuss this with anyone else in the United States Government, Mr. Cave, for example?

A I don't recall having done that.

Q Did you have any sense of what the value of this shipment was?

A No.

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Q When did you tell the second channel they could

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expect these supplies?

A I believe when I was left to repair the damages afte the discussions broke off between the American group and the Iranians -- if I am not mistaken, it was at that time that I threw that in.

Q At the time you were opening up the second channel?

A No, no. We were well into it.

Q When you say "when they broke off" --

A I am referring to the time when I came up with the representative of the Iranians with the so-called nine points. I believe about that time or maybe a week before that.

Q Do you remember when the news broke that the United States had shipped arms to Iran at the end of October, beginning of November?

A You are talking about the time --

Q The Lebanese newspaper leaked the information?

A I believe at that time I was out of the country, yes.

Q But you heard soon afterward --

A Yes.

Q -- that this had become public?

A Yes.

Q And that the White House was coming under some criticism?

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CAS-20

A Yes, sir.

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Q Were you asked at that time to speak to the second channel to see whether they could obtain the immediate release of the hostages?

A Yes, sir.

Q Who asked you to do this?

A Either Colonel North or General Secord or both. I don't remember.

Q Did they tell you this was important in order to quiet the criticism that was being directed at the White House?

A I don't know whether it was told to me in exactly those words.

Q What were you told?

A I can tell you what was my impression.

Q Give us first what was the substance of, if you recall it, of what you were told.

A The substance of what I recall was if these goddamned Iranians would have kept their promise, none of this would have happened.

Q And the promise was to deliver the hostages?

A The promise was to deliver two hostages, which I have -- which I had continuously told them it won't happen. I told them what my sense was.

Q You had continuously told Colonel North and Secord?

A And Secord that they could not expect more than one and that is exactly what happened. I had a good sense of what was going on, and they ignored that.

Q Was it your sense that they didn't have control over the other hostages or that they needed one in the bank?

A No, my sense was that they did have control over the hostages if they could do certain things for the Lebanese. They had ~~ran~~ run out of credit with the Lebanese. That was my impression, and later on it proved to be right, my impression was correct.

Q And did some of the things that they had to do for the Lebanese depend on what we could do for the Iranians?

A What we could do for the Lebanese.

Q And what was it that we had to deliver to get the hostages?

A To settle the problem of the Dawa prisoners with Kuwait. That was really the heart of the problem.

Q And you made that clear not only to Colonel North and to General Secord, but I assume to Mr. Cave?

A I told them that --

MR. JANIS: Just answer his question.

BY MR. LIMAN:

Q Yes, then you can tell me what you told them.

A Yes, the answer is yes, I told this to all the three gentlemen that you mentioned.

Q And do I understand that the problem was that you

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were told by your Iranian contacts that the Hizballah was saying that if you want us to deliver, you have got to get our prisoners back? Is that, in essence what it was?

A That is correct, but you see this is not what General Secord, Colonel North and Mr. Cave were hearing. I was hearing it. They weren't.

Q How can that be, that since you are reporting to them that you hear it and they don't hear it?

A Because, as you very well know, the way the Government of Iran is structured, there are a number of factions, and I managed through one and two to create some sort of an understanding between two groups back there and more. I was communicating and listening to the person that was more realistic and was not promising a lot and a person that I have a lot of respect for. I didn't know this man from before, and he called a spade a spade. He didn't exaggerate.

Then there was another person that apparently knows American mentality better, and he told them what they liked to hear, and that was easier to deal with than the hard position that the other person was taking, the man who indeed was involved with all these activities, a man that, who risked his life by getting involved in this. I have immense respect for this person because he really went out of his way to get this thing going, and nobody wanted to listen to him, because it was not pleasant. What he was saying

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was not what they wanted to hear.

Q Okay.

A So they listened to the other guy.

Q Let me move to another issue, and then I want to come back to this issue of policy.

MR. JANIS: I think our lunch is here.

MR. LIMAN: This will be quick.

MR. JANIS: I know, but I just wanted you to know.

BY MR. LIMAN:

Q Remember, you were asked about the Codelis account.

A Yes.

Q Payments which were transferred to Codelis.

A Okay.

Q Do you know someone who works for the Republic Bank by the name of Nancy Morabia?

A I have not met her, but, yes, I have spoken with her.

Q Do you know whether Nancy Morabia was obtaining cash to be disbursed at General Secord's instructions and that the customer of hers who was providing the cash was being reimbursed by these transfers to Codelis in Switzerland?

A If I remember correctly, I don't know Codelis, but what you are describing I am familiar with the movement.

Q You are familiar that she obtained cash and that there was a reimbursement in Switzerland.

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A Yes, it was not by instructions of Secord. By my instructions.

Q It was by your instructions?

A Yes, sir.

Q What was the cash to be used for?

A For the contras.

Q And that cash was then delivered to couriers who would bring it to Colonel North for the contras?

A To General Secord and sometimes I brought it myself.

Q And when you say it wasn't by the instructions of General Secord, General Secord was the one who gave you the request?

A Exactly.

Q Did General -- did Lieutenant Colonel North ever make the request directly to you?

A No.

Q And so General Secord would make the request to you, and then you would arrange it with --

A In whichever form that I could.

Q And then you would arrange it with her?

A Sometimes, yes.

Q And when --

A Earlier we testified about the $9,500 --

Q That I know. I wasn't asking about the $9,500.

A Yes, sir.

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Q One last question, and then let's take some lunch. You have heard over the six-seven months that have gone by since this whole thing became public the whole debate about whether we are dealing with moderates or not moderates in Iran. I would like to have a statement from you on the record as to whether your view was that you could open the door to Iran by identifying and dealing with "moderates"?

A The answer is definitely yes.

Q And explain, please.

A I believe that I understand the structure of the Iranian Government reasonably well and how they operate. I understood then, and I understand now the influence of the different factions. I understood then, and it proved to be correct, that there was a faction so-called the third faction that was responsible for all terrorist activities and the engin behind this third faction, he had covered himself in, under the umbrella of a certain important person, which I would not mention his name, an Iranian person.

But this man [redacted] followed a philosophy that the only way they could expand the Islamic revolution was through terrorism, and outside of that third faction, my understanding was and is that the rest can truly be considered as moderates, with the exception of the people that we were dealing with were moderate.

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In other words, I do believe that one can successfully reach agreement with any of these factions without the influence of that third faction, which by now is brought under control, [redacted] and so I --

Q There may be an issue of semantics here.

A Yes.

Q That, as you have used the term "moderate", you are including in that term Mullahs and others and others who publicly denounce the United States as Satan.

A Yes, I do, yes.

Q And you are including religious fanatics?

A I am saying that the religious fanatics have no control over the foreign policy of Iran, and I am also saying that statements that they make is out of lack of sophistication in their technique of thinking that they can outwit the United States. They are not that experienced.

MR. LIMAN: We will take a break.

(Whereupon, at 1:00 p.m., the Select Committees were recessed until 1:35 p.m. the same day.)

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AFTERNOON SESSION

Whereupon,

ALBERT HAKIM,

resumed the witness stand, and having been previously duly sworn, was examined and testified further as follows:

BY MR. LIMAN:

Q Let me just ask you, Mr. Hakim, is there anything more that you recall about the efforts that you made through Mr. Zucker for the benefit of the North family? You have testified to the fact that Zucker met with Mrs. North in Philadelphia, you testified, as I recall it, that Zucker did not report to you any of the details after that meeting, you testified about the discussions about trying to have Mrs. North employed by someone in the real estate business, you testified about the fact that Zucker was supposed to talk to Mrs. North about her family structure and whether money could be passed that way, and you testified this morning that to the best of your knowledge no money was actually passed to the North family.

Is that a fair paraphrase?

A That is correct.

Q Is there anything more that you can tell us on that subject?

A I think that fairly covers it.

MR. JANIS: Can we have a moment?

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(Witness consults with his attorney.)

MR. LIMAN: You also --

THE WITNESS: In this area, that you ask me questions of anything else, you are talking about actual events that took place that I know or you want me to speculate?

BY MR. LIMAN:

Q Well, I will take first what you know, and if there is something else you have to add, I want it, because I must say that the record, as I read it now, is that you planned to try to get some money to the North family for the education of the children and for death benefits, but that you are vague on whether you discussed it with North, and it looks like there is a lot of activity going on behind Colonel North's back except for that contact with his wife, and I have difficulty understanding how that can be, how it can be that you would do these things and not talk directly to Colonel North or have Secord talk to him and report back to you.

A For a number of reasons. It has to do with me, and it has to do also with the structure. I explained earlier in a different context how we three operated. It was not a situation that we caucused, the three of us, for anything. I may be exaggerating when I say anything.

For instance, when we were talking about the second channel, we did talk about it. But in the area of your interest there was never a situation that I sat down with Ollie and

Richard and said, "Okay, this is for you, this is for you, and this is for me" -- never such a thing occurred.

And the things that -- the activities that you see happening, as you put it, "behind North", and I didn't talk to him about it, I say it has to do with me. I have a lot of experience dealing with government officials. I like to stay away from them as much as I can.

Q You couldn't do that in Iran.

A Pardon me?

Q In your career in Iran, you couldn't stay away from government officials, as you testified.

A That is how I learned. You see, I knew what was acceptable there and what was acceptable here or not acceptable here in the United States. I -- because of my experience in Iran and because when I came to live here, and I became witness for the government in the case of Olin, I went through a whole lot of exercise in becoming --

Q Americanized?

A -- becoming acquainted, yes, Americanized and becoming acquainted with the ethics of the United States, so I knew that was a no-no, and I didn't want to have anything to do with it.

Q But you did have something to do with it, Mr. Hakim, you did send Zucker to speak to Mrs. North, correct?

A Yes.

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Q And he was trying to find a disguised way to make payments for the --

A That I testified about.

Q Yes, you did.

-- for the benefit of the children, is that correct?

A Yes.

Q And is there any doubt in your mind that if Zucker contacted Mrs. North that Oliver North would know who was sending Zucker?

A I would have found that maybe it would have taken time, but eventually I would have found it impossible for him not to know.

Q So given that, those sets of -- that set of facts, you know the question just sort of leaps out, why did you not talk to him about it openly?

A Because he, for one thing, he will never trust me. He didn't have that much contact to sit down and talk to me about such things.

Q But couldn't he have cut you out of further dealings with Iran if he felt that this was improper, what you were trying to do? Mr. North -- let me put it this way -- Colonel North could have said, "I don't want Hakim involved any more in any of our Iran Initiative."

You understood that, correct?

A Yes.

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Q And you understood if Colonel North had said that to Secord that Secord would have had to abide by that?

A That is also correct.

Q And, therefore, when you sent Zucker to see Mrs. North, did you have a concern that Colonel North might become upset by that?

A Absolutely not.

Q And was that because somebody said something to you that this would be not poorly received?

A That was not the spirit at all, Mr. Liman, not at all.

Q But you had a discussion with General Secord in which he said $500,000 was too much, right?

A Yes.

Q Then he told you that $200,000 was something, or at least he didn't object to $200,000 being set aside, correct?

A Yes.

Q And that was when you were talking about a death benefit, correct?

A Yes.

Q Were you also talking about using the interest at that time to help the North children get through school?

A Yes.

Q And was it a fact that General Secord had not objected to the $200,000 that led you to believe that North

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would not become angry at the fact that you have Zucker speaking to his wife?

MR. JANIS: Just a moment.

(Witness confers with his counsel.)

THE WITNESS: Can you break down your question?

BY MR. LIMAN:

Q Let me just try to give it to you this way.

A Can you get to the bottom line? That is easier for me to deal with.

Q I think it is easier, and I will do that.

A That is my style.

Q I understand that, and I understand you are looking for what the meaning is in all of these questions.

A Because I want to get to where I want to go.

Q There are 26 Members of Congress on this panel, the two committees. I think that if somebody who is doing business with the committees were to approach their wives and offer to put their children through school, every single one of them would become outraged. You can understand that.

A Yes.

Q Yet even though Oliver North was important to you, you sent somebody to speak to his wife to offer to provide some financial assistance, correct?

A Yes, sir.

Q How is it that you were not concerned that Oliver

North would not become outraged and immediately cut you out of these transactions?

A I understand absolutely what you are saying. It is a very important issue.

Q All right.

A It definitely didn't occur to me that way. It could have had the risk that if he would have become outraged, he would have thrown me out of the team, and then I find myself to be -- I am thinking out loud -- to be very perceptive. It is very possible that, without having had any meetings, as you refer to, I might have gotten the impression that he would not be outraged; therefore, I didn't sense any risk and went ahead with it, but I do not recall any direct arrangement to set up such a benefit program for North, his family or North. There was no such -- I have become sensitive to the issue that you are raising, Mr. Liman. It is a valid one.

Q You want to think about it?

MR. JANIS: Excuse me.

(Witness confers with his counsel.)

BY MR. LIMAN:

Q Go ahead.

A What I am trying to conclude is that it appears that through a period of operation I was led to believe, as a result of my contact with Richard, that, you know, after all, I did pass this one by Richard, and if Richard did not object to it to me, automatically it meant that Ollie would not object, but this is not what went through my mind when it occurred, Mr. Liman.

When you are presenting it so brightly, this issue now, and I am trying to go back to the time that these things happened, the sense of it was that if Richard, if I tested the case with Richard and Richard did not object, Ollie would not object. Do you follow what I am trying to say?

Q I understand that.

Now, did someone tell North that Zucker was going to be calling his wife?

A I would find that very strange if Richard did not call North and tell him that such a thing was happening, although we didn't discuss it.

Q And you didn't discuss with Secord that he should call North and tell him?

A Right.

Q But you did tell --

A I don't believe in miracles.

Q But you did tell Secord that Zucker was going to be getting in touch with his wife, correct?

A Yes.

Q Now, after the conversation between Mrs. North and Zucker, the effort continued to find a way of getting the money to the Norths, correct?

A Yes.

Q So that whatever happened at that meeting between Zucker and North did not cause you to shut this down.

A Absolutely correct. But you do understand that I am not hesitating because I am trying to protect North. I am hesitating not to speculate more than what I know and more than actually what happened. I want to be very, very precise.

Q Well, the question that will be on the minds of some people is whether you were trying to compromise North so that you would have some leverage over him.

A I don't think so. I rely heavily on my own competence and contacts. I really did. And I still do. That has been my strength; even now I am going ahead without any North or other similar to him, or Richard, or the support of the U.S. Government. I have established a workable legal commercial network with Iranians. It is already producing. I don't think that was my motivation. I am a good marketing man, Mr. Liman. I can penetrate any market if I set my mind into it.

Q Was it your motivation, in putting North's name on the so-called will, to compromise him?

A No. That was not my intention, no.

Q Let's go to the medication. I thought I read in your prior testimony when I wasn't here that you testified that there were some discussions with the Iranians about selling

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them the medicines on credit. Am I imagining that?

MR. JANIS: Mr. Liman, I am not vouching for the fact that I didn't miss something, but I don't recall any such testimony. I do recall Mr. Hakim produced some telexes which were part of Deposition Exhibit 7, I recall.

THE WITNESS: I believe I know what Mr. Liman is asking.

MR. JANIS: Let's look at Exhibit 7. Do you have Deposition Exhibit 7 in front of you?

MR. LIMAN: Do you have 7?

MR. HOLMES: Yes.

MR. JANIS: There are some telexes there that deal with the medicine.

BY MR. LIMAN:

Q Did you have any discussion with the second channel people about selling pharmaceuticals to them?

A No, sir. If you refer to one of the items of the nine points, that's very evident.

MR. JANIS: It is in the Farsi document, but it is also part of Deposition Exhibit 7.

Q Have we ever had you explain what the nine points were?

A We never got to that.

Q Why don't you tell us what the nine points are?

A That is the heart of the whole thing, and nobody has

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beeh in any -- may I ask you first a question?

MR. JANIS: Can we go off the record, first?

MR. LIMAN: Sure.

(Discussion off the record.)

BY MR. LIMAN:

Q Let's go into the nine points and get this story on the record.

A Let me first, if I may, answer your question about the sale of pharmaceuticals through the second channel. This item 2 of the nine points, which I will go into shortly, very clearly says that medicines will be given to them as a present.

Q Now you can tell us about the nine points. When were they developed?

A It has a date on it.

MR. JANIS: Read them this line here.

THE WITNESS: It starts out, the 16th of the 7th -- I am not sure. It is written, by the way, by the real McCoy. It is not any of those -- this is the result of my discussion with the person that I referred to as the one who risked his life getting involved in this, a man who risked his life getting the third faction out in the open, and this is the man who called a spade a spade, and nobody wanted to listen to him.

MR. LIMAN: Off the record a moment.

(Discussion off the record.)

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BY MR. LIMAN:

Q This, you say, was written by the real McCoy?

A This is the real McCoy. He was referred to by the McFarlane group as the monster, that he called a spade a spade, and he never misled the Americans.

Q When you say he was referred to by the McFarlane group as a monster, was he a person the group had met with?

A He was there, yes, in Tehran and he was present in the military group.

Q In Frankfurt?

A In Frankfurt.

Q Which was the earlier meeting?

A Yes.

Q When did he draw the nine points?

A I refer to this man as the engine and the heart of this. He was also the man that --

Q We know who we are talking about --

A Yes.

Q I understand who you are talking about. We will call him the engine.

A The engine. He was also -- he is also the same gentleman that I earlier testified when I was asked to arrange a meeting between the State Department and the Arabians, he is the man in December who met with them. So this is the -- It says 16th of the 7th. I don't know whether it is referring

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Iranian dates or -- I just can't remember now -- if that meeting took place in July, this is the 16th of July, or it could be their Iranian calendar.

Q I think it is the fall. So 16th of 7th, so we have to see.

Q I can get the dates if you will tell me who was at the meeting.

A Just he and I, two people -- The Engine and I -- it says resolution between us, meaning the Iranians and Hakim, 16th of the 7th, evening throughout the night. And this occurred after several days of discussions with the -- between the two delegations and it failed.

And Oliver North left, and he told me that I had six hours to either shut this channel off or come up with something acceptable, because in six hours when he landed in Washington, he had to report to the President. In those words. And that is why The Engine and I sat down and worked real hard and Richard had to attend a business meeting that we had in Europe with the understanding that he would come back early next day to see what I have achieved so we could communicate that to North.

I will come back to the nine points briefly. When I reached this agreement with The Engine, I called Fawn and she told me that -- Ollie had called from the airport and was on his way to the office. And I called again and I talked to

Ollie. I did not have the KL-43. I could not compromise our telephone conversation. I tried to talk to him in riddles and he couldn't understand it, especially when I said we have agreed on one and a half hostages, he thought I was drunk.

I said, Ollie, all I want you to do is delay your report to the President until Richard gets here and I go over this with him. We will send you a KL-43 message. He agreed to that. And this is exactly what we did. Next day when Richard came, we went over this and we sent a message.

To back up and tell you how this thing was created, during the discussion that we had with the Iranians, Ollie presented the so-called -- the US proposal, the seven points, and they could not reach an agreement on this. So this was left with me, and I believe you have the original of it, which I provided as part of the documents that were subpoenaed.

And I redefined the seven points into nine points, which if anyone should take the seven points and compare it with the nine points will see that I made the position of the U.S. side more flexible and more critical -- or rather, excuse me, less committal than the seven points. And that came as a result of my trying to fill in the gap, not as a translator, trying to -- trying to make them understand what the Americans are after and for me to understand what the Iranians were after.

So we reached that agreement -- if you want me to go over this --

Q Yes sir, I would like you to gover over this.

A By the way, I gave a copy of this -- that is very important -- to George Cave in the Pan Am Club in Frankfurt Airport as he was getting ready to leave for the United States requesting him to get this translated and get it into Ollie's hands. I don't know whether it ever got there or not. That is even prior to sending the KL-43 with the help of Richard Secord.

The nine points read that the Iranians, if willing, will pay the money for the 500 "Tous" -- they referred to Tows and "Tous" -- the Iranians would pay for the 500 Tows and if willing, for the Hawk spare parts, which has remained unsettled ~~unsetllted~~ from previous agreements to Mr. Hakim.

I don't want to beat my own drum here. I am trying to give you information that hopefully it will be used in the future attempts, because sooner or later there should be an attempt between these two nations to try to get together, and personal trust is extremely important.

So specifically, although they recognized that I am not a government officials, they recognize that I am a businessman -- and that was discussed repeatedly in the September meeting and the following meetings -- that I was there to make a profit -- but still they said that the money would be paid to Albert Hakim. And in parens that says, by the way, "the payment for the shipment of 500 Tows through the second channel, they gave me a blank check. They signed it, I filled in the check.

Q The money for the Hawk parts would have had to go to reimburse Mr. Ghorbanifar?

A No. There is no -- the second channel did not approve of Ghorbanifar, did not want to have anything to do with Ghorbanifar.

Q But the U.S. Government had already been paid for those Hawk parts, right?

A I don't know.

Q If we are talking about the Hawk parts that were delivered in May and then in the summer of '86, the U.S. Government had been paid, but Iran had not fully paid Ghorbanifar, who in turn had not fully repaid Khashoggi. So what would you have been doing with the money for the Hawk parts?

A This is totally independent, or my understanding was totally independent of Ghorbanifar's activities.

Q Go on.

A If you are suggesting that the Americans were going to get paid twice for the same thing, that I don't know, but that was not the understanding of the Iranians. The Iranians did not know that they had paid for it --

Q Well, they hadn't paid. Ghorbanifar and Khashoggi had paid.

A With that group they didn't want to deal.

Q You didn't discuss with the Iranians that it was Ghorbanifar and Khashoggi who were screaming for their money?

A Absolutely not. This has nothing to do with that. There was a different occasion that I tried to convince the Iranians, not related to this agreement, to pay Ghorbanifar to keep his mouth shut so he would not become a liability. That was a different effort, nothing to do with this. But this is --

Q You gave me point 1. Let's go to point 2.

A Point 2, nine working days after the first event the military supplies would be given to the Iranians. No, nine working days, 500 additional Tows and the Hawk parts, if Iran were to accept, together with the medicine that would be gift, will be delivered to Iran.

Q So these were additional Hawk parts?

A Yes. The total, I believe -- the total number of Hawks that they were supposed to send to them was either 2,500 or 2,000. We will get to that.

Item 3, Albert will come up with a plan for the release of the 17 Kuwaitis prior to execution of item 4 following .

Item 4, one and a half hostages -- in parentheses, one definitely,two -- the Iranians would exert their utmost to release the second one. And here it was -- this is the issue that I earlier testified about.

Q About the one and a half -- one and a half meant that one definitely and two there was a 50-50 chance?

A No, it is more specific than that. They would extert a lot of pressure and it refers now to release of the American hostages from Lebanese, and there was a reason that they are referring here to Lebanese, because of the commitment they had to the Lebanese with regard to the 17 prisoners.

Q But the reason -- what was the reason that you used the term half?

A It says one, one-half -- in parentheses, one definitely, two -- they will do their ~~uetmose~~ utmost, and insist -- that is representing the half.

Q Go on.

A It is very important, the Iranians want to agree on one; the Americans wanted two. I came up with a solution -- why don't we cut in the middle just negotiating, and a half, and that is the way we are going. I explained item 4.

Q Read it again.

A That was item 4 has the one and a half.

Item 5 refers to the method of payment for the future procurements of the Tow missiles and here it says, Albert and -- they refer to the relative -- will come up with a solution based on establishing a letter of credit. By tomorrow night. And then there is a mark in here and a mark in here, and I did sit down with [redacted] and we did come up with a solution as to how a letter of credit would be established, because we have had difficulty in operating the way we have been operating for payments.

This is for 400 Tows and 100 launchers and has the deliver date, to be delivered four days after completion of item 4. And Iran will continue to pay the money for 1500 Tows, and in parentheses they requests 1500 mines. To deliver 500 plus 1,000 to be delivered later.

And then it gives the time for the 1,000 to be nine days after the date shown above.

Six, Americans will provide technical and logistical support for the Hawks. In parentheses parts -- or materials rather -- and know-how, and updating their military intelligence and the maps and establishment of a communication, special communications system between the two countries, a secure communication. And also providing them with the price and the time of delivery of an item -- of a list that was presented by [redacted] -- eight items, to the best of my recollection -- there were eight items that they wanted, different kinds of weapons and parts.

Seven, before return of that gentleman to Tehran, there will be a discussion regarding the 17 prisoners and the method -- the method that they would be released, and this method will be discussed with Secord, because I told them that

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I am not a politician, I don't know what in the hell is going on. I have to wait until Secord gets back. I am talking with him. And you see here marks, it comes down here and this is -- it says after I talk to Secord and that gentleman regarding the Lebanese prisoners.

We agreed on the verbage to be added to the same item in the seven points of Ollie. And the verbage is here.

Item 8, Iran will start its efforts for creating the situation for release of all hostages -- all hostages. It did not limit to Americans.

Q To two --

A To Americans.

Q Not limited to Americans?

A Not limited to Americans.

Item 9, steps will be taken to deliver items stipulated in Article 6. And that was the nine points.

Q Article 6 was of the --

A Support and parts -- Article 6 --

Q Was it Article 6 of North's proposal, which is Buckley's body --

A No.

Q Article 6 of North's proposal refers to things that are not in your points?

A We eliminate all that. No, I am talking about Article 6 of this agreement.

Q And is it signed?

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A No.

Q Is that the nine points?

A Yes.

Q What did the nine points represent, an agreement or a proposal?

A This is what the Iranians agreed to do, and later --

Q Who did they agree with?

Who was it an agreement between?

A This was prepared by this gentleman and I in the form of a proposal. It was completed after we put in there -- there is another sheet that I don't know if I had that or not, that was the method that the 17 hostages, prisoners would be released, and then this was given to Richard as the new proposal and was passed on on the KL-43 to Ollie and Ollie came back and said accept it. So finally, this proposal was agreed between Ollie and this gentleman.

Q Did North authorize you to negotiate this as a proposal on behalf of the U. S.?

A He gave me his seven points.

Q And he told you to see whether you could get them or something close to them?

A Close to them, and I came up with these nine points.

Q And you then submitted the nine points to North?

A And he agreed.

Q And the Iranians understood you didn't have the power to bind the U.S.?

A Yes.

Q I understand your prior testimoney to be that you always made it clear that you were a private businessman in it for profit?

A That is correct.

Q And you were interested in opening the door to Iran not only for better relations but for commerce?

A Correct.

Q You then presented this proposal, which was your effort to get as much as you could of North's seven points to North, correct?

A Right.

Q And how soon after North got this on the KL-43 did he communicate back to you that it was accepted?

A Right after -- I would say within -- I cannot recall exactly but within hours.

Q And how did he communicate it, by KL-43?

A By then Secord was there. I discussed with him the issue of the 17 prisoners and added that to the nine points. He passed it on -- from there on Richard was in contact with Ollie.

Q Mr. Hakim, did North tell you who he cleared this with?

A I was under the impression he cleared it with the

President.

Q Did North purport to have direct access to the President?

A Yes.

Q Did he tell you that he had cleared it with Poindexter as well or just the President?

A My understanding was he had to yo with both, but he had to do it.

Q He had to do it, meaning --

A Oliver North, with Pointexter and the President.

Q While we are on the subject of the President, did Oliver North ever tell you htat he had told the President of the United States that any of the money from the Iranian arms sales were going to support the contras?

A My -- I don't recall if he told me in those words, but it was well understood that this was a new source of funds for the contras.

MR. JANIS: His question was did he tell you that he had told the President?

THE WITNESS: I said he didn't tell me in those words, but he did tell me -- he gave me the impression to believe that the President knew that this was a new source of supporting the contras.

MR. JANIS: What did he say that gave you that impression?

You don't mind if I try to --

MR. LIMAN: No. You have obviously gone over this with him and he has told you about this in the past, so it is helpful.

THE WITNESS: He told me that -- I am trying to remember whether he told me or Richard told me -- that some of the Ayatollah's money was to be spent for the contras, that is the context -- no, I remember now -- Richard Secord told me, "Ollie is crazy. He has told the President that he is going to use the Ayatollah's money to support the contras.''

BY MR. LIMAN:

Q And when did Richard Secord tell you that?

A Mr. Liman, I honestly can't remember but I remember the fact that he said he is a genius or he is crazy, or both. He said words to the effect -- I think he said both, he is either crazy or he is a genius. Many times he said either he would go to jail or become decorated.

MR. JANIS: As best you can recall.

THE WITNESS: The best I can recall is my understanding was that he had told Richard that the President knows and Richard told me.

BY MR. JANIS:

Q Now, after North told you that these had been accepted, what happened?

A I believe -- if I don't have my dates again screwed up -- I believe the shipment of 500 Tows occurred after that.

Q The 500 Tows were shipped --

A When did they make the payment of the $5,600,000?

Q That was one I believe in October.

Since I can't read the Farsi date on the nine points --

A I believe you have the date. I think that is what occurred after that.

Q That the 500 took place. Were the nine points --

MR. JANIS: Just a second. For the record, the money was paid on October 29, 1986.

THE WITNESS: Do you know the date on the seven points?

MR. JANIS: No, but the money was paid October 29th. The money was paid by the Iranians on October 29th.

THE WITNESS: It was cleared, went into the account or took a few weeks? After the 25th?

MR. LIMAN: Lou, do you have the dates of the last 500 Tows?

MR. ZANARDI: It was November --

MR. LIMAN: November 2.

THE WITNESS: Here. You see this letter from the bank in German referring to the $3,600,000, October 24th. That is part of the deposition.

MR. JANIS: That is Deposition Exhibit 7.

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THE WITNESS: That is either the day before that or the same day I received the $3.6 million check.

BY MR. LIMAN:

Q Now --

A And left it with the bank. Once it was cleared and we received the money in our account, that was when -- and we paid the CIA, that was when the 500 Tows were shipped. So this -- so the answer to your question is after the nine points we shipped the 500 Tows. Item 1 was fulfilled without including the Hawk parts into it.

Q Was the nine point proposal ever reduced to a written agreement signed by any representative of the U.S. and the Iranians?

A Not when I was present. And I would find that very, very unusual for Iranians to put their signature down on a piece of paper at that time. There were subsequent meetings, by the way, to follow up on the other items of the nine points.

Q And did you participate in those meetings?

A Yes.

Q And with whom?

A The same group -- Cave, North, and Richard, and the same group of Iranians and myself. This time I think it was in Geneva.

Q And do you recall when the last of those meetings

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occurred?

A If I am not mistaken, it was the last of those meetings was in late October. I believe it was in late October.

Q Before the 500 Tows were shipped?

(Counsel conferring with witness)

THE WITNESS: I would like to correct myself. It must have -- it must have happened by mid-November.

BY MR. LIMAN:

Q That was what I thought.

And when was it that you were told to have nothing further to do with this initiative?

A That was, I believe, in December, late December.

Q And who told you that?

A Cave.

Q And --

A That was in Frankfurt.

Q And before that, did you meet with a representative of the State Department?

A No. What happened, George Cave asked me -- he said we are going to be out of this. There is one last request, and if I would be kind enough to arrange a meeting between the Iranians and the State Department representative. I said I didn't mind doing that. I arranged for the meeting.

Q The meeting with Engine?

A Yes. And then by this time, everything was revealed --

Q Where did the meeting with Engine and the State Department take place?

A When?

Q Where?

A In Frankfurt. And I had my attorney, Mr. Janis, with me.

Q Were you present at the meeting with the State Department and Engine?

A I said I would participate only if I could have my attorney with me, and Mr. Dunbar did not accept that.

Q Dunbar of the State Department?

A Of the State Department.

(Counsel conferring with witness)

THE WITNESS: You do understand that he did not have objection for me to participate if my lawyer did not participate.

BY MR. LIMAN:

Q He didn't want your lawyer to be present?

A Yes.

Q So you did not participate?

A Directly I did not participate but the Iranians came back after the meeting and they had very, very unkind words to say about the capability and attitude of the State

Department. Which at one point needs to be discussed, in my opinion.

Q Okay, Mr. Hakim, when we talked about the pharmaceuticals, you were talking about the -- these nine points and about the fact that they were going to be donated, and we have been through that this morning and this afternoon. Do you remember at one of your first meetings with the second channel in July of 1986, the subject of pharmaceuticals came up?

A It is possible.

Q Do you recall at that early stage talking about selling pharmaceuticals at cost or on a credit basis with a year to pay?

A I think there is a mixup there.

Q This would have been a meeting on July 11, 1986?

MR. JANIS: Is there something you can show him to refresh his recollection?

MR. LIMAN: I would be happy to except it is probably classified, and even though he was at the meeting. It was a meeting between you and a man by this name. What is a good code name for him?

MR. JANIS: He was referred to earlier as Number One, wasn't he?

THE WITNESS: Yes, you had his name.

BY MR. LIMAN:

Q We talked about him earlier. He was Number One on a piece of paper I showed you. Do you recall a meeting between Number one and yourself on July 11, 1986?

A I don't know what the document is that you are looking at. This has nothing to do with any of the channels. It has to do with my initiative. This is what I started to to tell you earlier, that my approach was very different in approaching the Iranians. My approach was -- that has to do with these Telexes. That has to do with totally different segment of the Iranian network, which is based in, if I am not mistaken -- where were these telexes from?

See, this group, Mr. Liman, deals with all the military procurement of the --

Q This group, meaning Number one?

A No, no.

MR. JANIS: The group referred to in the Telexes.

BY MR. LIMAN:

Q The group referred to in the Telexes which were marked as exhibits?

A Yes. They have nothing to do with channel 1 or channel 2.

Q But you somehow ended up talking to Number One about it?

A Yes. Person Number One and I started totally an independent approach towards the Iranians, and that was to create a line of credit for them and sell them medicine at cost or even get donations and start a good will between the two countries.

Q Was this a step by you in trying to get to channel 2?

A Yes.

Q And it ultimately led to channel 2?

A Yes, exactly.

Q And it led to the meeting ultimately with Engine?

A Exactly. But had nothing to do with part of the negotiation of the two formal delegations.

Q I understand you, that you look upon the negotiations with channel 2 as being those negotiations that took place between the American delegation and Engine and you and Engine, correct?

A Right.

MR. LIMAN: Can we make a few minutes break?

(A short recess was taken)

end take 5

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MR. LIMAN: Okay, go ahead.

EXAMINATION ON BEHALF OF THE SENATE SELECT COMMITTEE

BY MR. HOLMES:

Q Mr. Hakim, my name is Cameron Holmes. I am going to be doing a little bit different method than what we have been doing in the past, and what I am going to do, what I am driving at, so you will know in advance, is to develop the record primarily for the members, so that they can -- this is our way of communicating to the members what evidence you have, so that when they question you, they will have a background.

It is also a way of providing a record for the report that we are eventualllly going to be preparing, and I tell you that because some of the questions I will be asking you will be related to theories of the case or portions of the case that you may disagree with or not have knowledge of. I am testing those things against your knowledge so that we can either affirm or discard those types of things.

A Okay.

Q The first thing I would like to clarify because I, myself, was enlightened and I am sure that some of the members will be too, to have a little bit better picture of what it is that you talk about when you referred the other day to this important idea that you wanted to get across about the Iranian commercial thought process.

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To refresh your recollection,it was in the context of one of the Iranians had mentioned to you in an aside that he wanted to get a message to the President and you took him to mean that he wanted to make some side of side commercial transactions with the President, and you said that it is very important that we understand the ~~the~~ thought process, the method that this person was representing when he did that.

Now is your opportunity to explain that in a block-by-block method so that we can lay that out.

A Okay. This basically goes back to the upbringing of the people in that region of the world, Iranians included.

As a child, when you bring them up, we don't communicate the way we communicate with our own kids here. As a baby, if you drink this water, I am going to give you this coffee, if you don't do that, you will be -- I will do this.

So, the structure of the mind as a child is that there is always a give and take, there is always a trade.

Q I understand.

A Okay.

Q Go ahead.

A So that is -- if you put that together, but also with the other element that they believe in a central power. At home the facilitator is the central power in the family. In the government, in the previous regime, the Shah was. Now this could mean I -- whether he has the power or not, that is irrelevant, but they like to relate to a central power.

They see us in the same way and manner, that we are prepared to give something in order to take something, and there is a central power in their eyes -- the President -- that can make the decision. He is the President.

He is just like the Shah. They are not aware of our system and that causes a lot of unhappiness, and that was the point that I was trying to raise in my role, and that was to make the Americans understand that you -- Iranians are what they are---

Q I gather this translates itself into patterns of commercial behavior that you find to be different than the traditional American patteran of business behavior; would that be true?

A That is true.

Q How would you describe the Iranian patterns of business behavior that differ?

A They are less sophisticated; they are more bottom line; they see what is in it for them; and they like to find out what is in it for the other party, and what they can do to get the most out of it.

They are very basic. In particular in this

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current generation of the Iranians who are all young people. That is it---

Q Let me test an idea against you and you tell me whether this is a fair depiction or not.

I am told that in the Iranian procurement business, in other words, if I am a person with money in Iran that needs to buy something outside of Iran,then I would be less likely to have a filtering system comparable to, say, the Pentagon in the United States, filled with people who are relative experts on the subject, who can detetermine what is good and not good, what is a good price and what is not a good price,so that I would be likely to rely on personalities?

A Very correct.

Q And relying in that sense on personalities, I would look to a person that I knew and perhaps he can find somebody who was expert in the field that he trusted,and he might reach out to that person; would that be accurate to say?

A That would be very correct. That is very clever observation, Mr. Holmes. In other words, the theory is not what you know, it is who you know?

Q And there is an economic reason for that in that not having a middle class of experts but having a fair amount of money,at least in the days of good oil prices, and import of Western technology, and Western high-tech industry,I would be forced to rely on the people that I knew?

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A That is correct. Trust plays an important role.

Q I gather that that was the way that you made your business in the MCI days in that you had some expertise and you had the trust of people who needed that expertise desperately?

A That is correct.

Q And,therefore, were able to act as something of a guarantor of a deal, in other words, they would buy something on your representation that was a good deal and it was the proper equipment; you were personally responsible for that to happen?

A That is correct. But it got to a point towards the end of the previous regime, it got to a point that a new class of people, small but still they were there, became into existence,that they started to follow the -- what I call, what they knew rather than who they knew.

They started to deal with substance themselves.

Q So there was the beginning of a technocrat class.

A Right.

Q I bring this up by way of example, there was a law suit in which you testified in the Olin case which you have mentioned earlier in your deposition?

A Yes.

Q I gather that the way that those deals were structured in the Olin case would pretty much exemplify

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what we are talking about?

A Very much so.

Q You had contacts and they had contacts, and their contacts had procurement authority---

A Who is "they"?

Q Their contacts would be the procurement authority. I can put it into specifics. You were working as an agent for Olin, right?

A Olin and Winchester, two different divisions.

Q Two different subdivisions---

A Dealt with two different parts.

Q All right. And they were trying to sell ball powder plants?

A That was Olin.

Q In order to do that they had to convince people who had procurement authority of the merits of their offer?

A Yes.

Q And they came to you and you determined that there were certain people who had to be convinced of that in order to let the dealing through?

A And then Olin wanted to make sure that I indeed had the contact and they put me to the test. If you read my deposition or the deposition of Mr. Castells, he says that when they came to the military industry they were

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sitting there waiting for the code word that we had told them the night before that they would hear from this general, and that would give them the information that we had contact at that level.

Q You say "contact," you mean that the general was looking for an financial benefit personally from the deal; right?

A Oh, yes.

Q And, in fact, an arrangement had been made in advance whereby the general was going to get money out of the Swiss account?

A Swiss account or in that case, it was a German account. That is besides the point. The point was that Olin investigated to see who is the right agent for their purposes.

They chose us because we were the agent for their Winchester division, and the reason we were the agent for their Winchester division was that the brother-in-law of the commander of the Air Force at that time was sort of transferred to my company. He had the agency effective of the Winchester division, and he was working with another group of people that had become there well known, the Lovneed brothers. It became a disaster, so the commander of the Air Force did not want his brother-in-law to have any further association with the Lovneed brothers, so he transferred his

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brother-in-law to me, and he said, okay, you look after his interests.

Q Where the brother-in-law went, the business went; is that right?

A Yes; he was a free lancer; he brought the agents with the business; he got his commission and he took care of whatever he had to take care of. That was the Winchester division.

Q You passed the payment to the brother-in-law but---

A But what he did was it---

Q And he was obliged to pass it to the general?

A If he did that or not, that is not relevant to the Olin case. I am trying to bring you to the Olin case which is different.

Q All right, I was talking about the Olin case.

Let's keep it there. I don't want to get confused with a lot of examples. I am trying to bring up one example where the players are known and where their roles are known, so that we can sort of see one model.

A That is exactly what I am trying to do.

Q Please.

A I am saying the method is that when a company used to come to Iran to find a so-called agent, they try to see who, which agent has a good track record. They go to the American Embassy, the consulate and the commercial division, they get the names of the agents and they go through the list and they test them.

In the case of Olin, it was different,because we were already representing Winchester. They came to us, but still they wanted to test us. I am trying to get to the heart of the matter.

So Olin said, now we know that you are strong in the Air Force. How do we know that you have strength in the military ~~mill~~ industries?

So we had to establish a code word with a key man in the military industry and tell this the night before their meeting with that official,to tell Olin people that tomorrow when you go there, when you are talking, you will hear this sentence,exactly this sentence.

If you hear that, then you will know that we have talked to the fellow. So this is exactly what happened. They went there, they started to talk about their product, and all of a sudden, without any relevance, they say, oh, by the way, blank, blank, blank, blank; all that sentence.

Q And read it off to them?

A And they came back to us and said, okay, we are satisfied. You can do the job.

Q Very much like the radio broadcaster that was used later on in the negotiations with the Iranians?

A Exactly. By the way, if I may throw this thing in there, you might find it very interesting, that Bechtel

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~~tell~~ entered into an agreement with Olin for a brass mill, a joint venture in 1975-1976. You will find the date to be very interesting. And I was invited to San Francisco. I flew from, I beleive, Tehran or Geneva to San Francisco, and I spent a whole day, almost, cross-examined, to make sure that I had the contacts, also. And the lawyers, they had their lawyers, marketing people, everybody, to make sure that I had the contacts. And then they accepted to go into a joint venture with Olin so they could jointly sell this multi-million dollar brass mill.

MR. LIMAN: Off the record.

(Discussion off the record.)

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MR. HOLMES: Back on the record.

BY MR. HOLMES:

Q You explained during the course of your testimony in the Olin case and then your lawyers explained for you the basic set up. I wonder if you could just strip it down to its essentials and tell us what the basic setup was, how the money flowed from Olin through you and to the people who needed to be paid?

A Basically, Olin paid us and then---

Q "Us" was Multicorp?

A No, no, we kept this all off shore.

Q All right.

A This was off shore. They paid us and then we---

Q Who is "us"?

A Me, effectively me.

Q All right.

A Or if you will, the company that represented -- I don't recall the details of it now because there were several payments. We used different companies. The money effectively came to me or the companies that I controlled, and then there were secret accounts established for various interested parties, and as the money came into my account automatically it went to those accounts that belonged to the officials.

Q So the money was transferred to your account by Olin?

A By Olin, yes.

Q Then you transferred it to three different accounts?

A I don't recall now the details of it.

Q There was the [redacted] groups, who was the general in the Air Force.

A He was the military industry. He was an Air Force general, but he was the head of the military industries.

Q And then there was another group -- maybe it would be easier if we just refer to this document which I will mark as AH-21.

(The following document was marked as Exhibit AH-21, for identification:)

COMMITTEE INSERT

BY MR. HOLMES:

Q You had a lot of discussions during this course of time with your lawyers? In fact, there was Mr. Rice and Mr. Gooding who received payments out of your Swiss accounts in this case?

A But that had nothing to do with this.

Q It wasn't this case they were representing you on?

A No, not at all. This goes way back -- you see I got into this as the government witness.

Q They represented you in January of 1984?

A I can't remember those dates, Mr. Holmes. If you would just show me the documents.

Q I am just getting a document.

MR. JANIS: Do we have that?

MR. HOLMES: I don't have extras with me, but you can have a copy.

BY MR. HOLMES:

Q They filed a motion on your behalf in that case; didn't they?

This is now marked, Exhibit 21.

MR. JANIS: Do you intend to ask questions about this document?

MR. HOLMES: No; I just want a simple clarification of what it was, and I just want to get it in the record, and go on.

MR. JANIS: What is in the document?

MR. HOLMES: This explains clearly what Mr. Hakim's position was and what the facts were about the flow of payments.

THE WITNESS: I explained that to you, and it came to me and from me to the interested parties.

MR. HOLMES: I know. I just want you to look at this.

MR. JANIS: Have you seen this document before:

THE WITNESS: I can't remember.

MR. HOLMES: This is only a couple years ago; he will probably recognize it. It was based on your explanations of what that case involved.

THE WITNESS: You are assuming that everything that happened a couple of years ago, and if you go through what I have been doing during the past two years, you can readily understand that I have all the reasons to forget everything about Olin and concentrate on Iran, and contras.

So, really it is a wrong assumption that because it was a couple of years ago, I remember.

BY MR. HOLMES:

Q Well, I guess we can go through it, but it would be easier---

A You want me to go over this?

MR. LIMAN: What are the facts that you want him to testify to?

MR. JANIS: The problem is you have a document here which we don't have a copy of, and which he hasn't seen before. If you want him to take the time and read it, he can do that.

MR. LIMAN: I don't want to take the time at this time. There are some facts that Kip wants to put in the record.

Just summarize what it is.

BY MR. HOLMES:

Q You were paid by Olin; right

A Yes.

Q And you had three different groups of people that needed to get paid off in order to get the contact?

A If this is your information, I have to rely on your information. I don't recall it at this time.

Q It is your testimony?

A Fine. You want me to read my testimony, I will be more than happy to read it, but now I have to rely, because you have done your homework, I haven't. I have to rely on what you tell me. So we are back to the same thing.

You want me to read this document?

Q You had bearer letters, didn't you in that case?

A I recall something to that effect.

Q And there were three bearer letters, one to pay off [redacted] and the Air Force group?

A If this is what I testified then, then that is correct.

Q One of those people was a general who didn't want to get his money right then, he wanted it later; right?

A I don't recall the case now.

EXAMINATION ON BEHALF OF THE SENATE SELECT COMMITTEE

BY MR. LIMAN:

Q It would not be unusual for you to park money for someone if you did business in Iran?

A If they trust me.

Q If they trusted you, you would park it; is that correct?

A Sure.

Q Because if you sent money to someone in Iran, that would create complications for the person; correct?

A Yes.

Q You could hold money for someone if they trusted you and then pay it to them at a later date?

A In Iran that was customary, yes.

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Q All right.

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BY MR. HOLMES:

Q And it was General [redacted] is that --

A Yes.

Q And he wanted his later?

A Yes.

Q You had Mr. Castells open an account in Mr. Castells' name?

A I think that was one of the methods I used, yes.

Q Then you put the General's money in the Castells' account?

A Yes.

Q And promised Castells the interest for holding it for you?

A I recall something to that effect.

Q Then you designed what you call a bearer letter that was an instruction to Zucher to pay the bearer the contents of the account?

A I don't know whether it was an instruction to Zucher. There you might be wrong. It had to be to the bank.

Q Well, to the bank, then.

A Yes.

Q And the bearer letter signified that the bearer was entitled to the contents?

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A If that document says that, then I have [illegible]ely on it.

Mr. Holmes, that document that you are showing me and you are telling me is dated '84, that refers to a transaction that happened in '75 or '76.

Q I understand.

A You are asking me to remember what happened more than 10 years ago.

Q I am asking you what your attorney represented on your behalf in January of '84.

In any event --

MR. JANIS: With all due respect, I am not sure what this says.

MR. LIMAN: He is showing a pattern of doing business and I think he will acknowledge that that is not an unusual pattern of doing business.

THE WITNESS: Mr. Liman, I have no problem if you get to the bottom line and establish a pattern of business. When you bring up dates of 11 years ago, that puts a lot of strain on me. If you go to the point and say if this is a pattern, I would be more than happy to openly, as I have shown it so far, to answer the question. We don't need to build up towards us; let's go to the point.

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BY MR. HOLMES:

Q The point is that in the '70s, you made your business by obtaining contracts with the Iranian government, government agencies by paying off government officials. True?

A Yes.

Q And you did that through Swiss and offshore accounts?

A Yes.

Q And you did that through the use of bearer letters so-called?

A Yes, and --

MR. JANIS: That is also, I think Mr. Hakim is being too willing to cooperate. I don't think that is accurate to the extent that you imply that is the only way he made his business. I think he has testified at some length about his businesses.

If you are asking whether as one component of his business practices in Iran, he made payments to government officials, he has admitted that that is correct, and we are all aware there was a different atmosphere at that time than there is in the United States.

MR. HOLMES: I'm not worried about a different view of the world in that part of the world. I'm establishing that is the case.

THE WITNESS: Can we go on the record about my dealings with Hewlett-Packard. Hewlett-Packard, not one penny was paid off to a government official when we did business with Hewlett-Packard. You are trying to establish a pattern. I wanted to be educational, not just to serve your purposes.

BY MR. HOLMES:

Q Right.

A So while you are putting in there Olin, let's put also Hewlett-Packard.

Q I don't want to spend time with this further.

A Then let's go on the record.

MR. JANIS: Wait until there is a question.

THE WITNESS: While I was in Iran, I did this and did business the way it was done in Iran. That should also be educational for the purpose of the representatives.

BY MR. HOLMES:

Q Good. Thank you.

You did business with a project called IBEX, isn't that right?

A No, that is wrong.

Q You never did business with IBEX?

A No, sir.

Q Did you do business in the computer business in Iran in the '70s?

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A Computer is a very broad term. Computer for what purpose?

Q Any computer.

A Yes.

Q You exported computer hardware from the United States to Iran?

A I didn't.

Q Did any firm that you were associated with?

A Yes.

Q Which firm?

A Hewlett-Packard, for example.

Q Were there others?

A Yes.

Q Which?

A Texas Instruments.

Q Any others?

A Yes.

Q Which?

A Stanford Technology.

Q That is the same Stanford Technology we were talking about earlier?

A We talked about two Stanford Technologies earlier. Which one?

Q This is the one in California.

A Yes.

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Q Did you export equipment that was suitable for surveillance support?

A What is your interpretation of surveillance -- of what?

Q Electronic surveillance.

A The only thing that I can recall that relates in any way or form to the question that you are asking is the receiving station, the monitoring station that I already have testified to.

Q What it received and monitored was phone calls?

A Yes.

Q And the computer equipment was necessary to cross-relate the phone calls and the phone numbers?

A Yes.

Q And how was that equipment exported; when and under what name?

A I have no idea.

Q You have no idea?

A No, sir, because I did not run Stanford Technology. George Hoberg did. He would be the person to answer the question. He was the president of the company then.

Q You didn't have any contacts in Iran with regard to the export of this computer equipment?

A I had contact in Iran with the import of this.

I had nothing to do with the export of it. Export was done in the United States by the company in the United States.

Q So your job was the import side in Iran?

A Yes.

Q What was your role?

A The agent of Stanford Technology like I was the agent of Olin and the agent of Hewlett-Packard.

Q This equipment was being purchased by the Air Force, is that correct?

A That is correct.

Q [redacted]

A No, wrong.

Q Who?

A I don't remember -- what date was this? You want to know who was the commander of the Air Force at that time?

Q Who were the people in the procurement chain who had to pass on that contract?

MR. JANIS: We are in an area here where if you start identifying people, I think --

MR. LIMAN: You don't have to identify people on this record if you feel that would be better put on a piece of paper. If they are not related to people in this particular matter --

THE WITNESS: Not only that those people are either in Iran or just came out of jail, and I am not going on record and have them shot.

BY MR. HOLMES:

Q [redacted] had something to do with this?

A No.

Q Did Eric Von Marbad?

A No.

Q Did you ever speak with Eric Von Marbad?

A No.

Q Who in the United States Government did you interface with in the sale of this computer equipment?

A I have already testified that in the United States I played no role.

Q No, in the United States Government -- I'm talking mostly about Iran, people who were in Iran as U.S. Government representatives.

A I understand. The companies that were my principals hadnled that portion of it. I had nothingto do in the United States. I was an Iranian --

Q My question is, what United States Government representative had procurement authority over these particular contracts, or oversight authority?

A I have no knowledge about this.

THE WITNESS: Is there an outstanding question?

(The reporter read the record as requested.)

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THE WITNESS: I answered the question.

BY MR. HOLMES:

Q Did you have other electronics-related contracts in Iran at the same time?

A Yes.

Q I am talking about '75 to '78.

A Yes.

Q What were they?

A I don't remember now.

Q Did you have any relationship whatsoever with the project ongoing at that time to mount long-range cameras in airborne surveillance units?

A What was that again? Sorry.

Q Did you have any relationship whatsoever with a project ongoing at that time to mount long-range cameras in airborne surveillance units?

A No.

Q This would have been a computer imaging problem, would it not, reconstruction of the photographs obtained by long-range cameras?

MR. JANIS: Can we take a break? I would like to take a break.

(Counsel confers with witness.)

(The reporter read the record as requested.)

THE WITNESS: I have no knowledge of such a

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project, as I recall.

BY MR. HOLMES:

Q Did you or Stanford Technology import signal-processing technology into Iran during that period of years, '75 through '78?

A What was the date again?

Q '75 through '78.

A I recall vaguely that Stanford Technology sold some image-processing systems to Iran. I don't remember the date.

MR. LIMAN: After or before the Shah?

THE WITNESS: It was before. I left Iran way before the Shah's fall.

BY MR. HOLMES:

Q You testified about a contact with General Secord while you were in Iran. Did he have any procurement authority over any other project that you had ongoing in Iran other than the one you have already testified about?

MR. JANIS: To the best of your recollection.

THE WITNESS: First of all, I don't recall that I testified that he had procurement authority. To the best of my knowledge, he did not have procurement authority. He was in an advisory capacity.

BY MR. HOLMES:

Q Let me expand my question to include any advisory capacity.

A No. Then the answer is no, to the best of my recollection. I do not remember any project in the Air Force --

Q I didn't ask projects in the Air Force; I asked about any project that you had anything to do with in Iran.

A General Secord's advisory capacity was only with the Air Force. He was assigned to the Iranian Air Force.

Q Let me ask the question, did General Secord have any authority at all, advisory or otherwise, over any project that you ever bid or attempted to bid on in Iran?

MR. JANIS: If you know.

THE WITNESS: I can't recall.

BY MR. HOLMES:

Q Were you --

A To the best of my recollection, that could not be the case.

Q You testified -- well, let me see -- do you know an individual named [redacted]

A [redacted] yes.

Q When did you first meet him?

A If I'm not mistaken, 1984 or sometime about then, '84-'85 -- I don't remember exactly.

Q How did you come to meet him?

A Through General Secord.

Q General Secord invited you to meet with [redacted]?

A He arranged for us to meet.

Q And when you met, who was there?

A You mean the first time?

Q Yes.

A I can't remember.

Q Where was the meeting?

A Possibly in California, but I don't remember.

Q Had there been some negotiations prior to the meeting about the formation of a company called IDG?

A To the best of my recollection, IDG has been a company in existence for a long time and belonged to [redacted] I am not aware of the details of it, but at least that is how it was represented to me, that IDG belonged to [redacted] and his family, and was in existence for a long time.

MR. JANIS: Do you have anything that you could show him that would refresh his recollection, Mr. Holmes?

MR. HOLMES: I will when I get to it.

BY MR. HOLMES:

Q You at that time were operating under STTGI, is that correct?

A Which date?

Q The date of this --

A If it was after '83, yes. STTGI was created in early '83.

Q What was the negotiation between yourself, yourself and Mr. [redacted]

A Mr. [redacted] was to the best of my recollection interested in us bidding for a security project in Saudi Arabia.

Q What security project was that?

A For the Saudi government, I believe for the Air Force or air defense. I don't recall which one now.

Q I'm handing what is marked as AH-22, a document entitled "Marketing Consultancy Agreement." Turn to page STG-11128, and I ask you if that is your signature on page numbered 2 of this signature section.

(Exhibit No. AH-22 was marked for identification.)

MR. JANIS: Do you have another copy of that document?

MR. HOLMES: No.

MR. JANIS: Could somebody make a note, please, to get us Deposition Exhibits 21 and 22?

MR. HOLMES: We will get them all for you.

THE WITNESS: Yes, this appears to be my signature.

MR. JANIS: I guess we will have to take the time to read this, then.

MR. HOLMES: I haven't asked him any questions.

MR. LIMAN: You don't have to take the time to read it.

MR. JANIS: You have no questions about this dcoument?

BY MR. HOLMES:

Q You and Mr. Secord and Mr. Robert Lilac met in December of '83, is that correct, in San Mateo, California, at the offices of IDG?

A I remember having had a meeting where Mr. Lilac participated. I don't remember the date.

Q You knew Mr. Lilac to be a personal friend of [redacted] is that correct?

A In '83, you mean?

Q Yes.

A I don't remember.

Q Mr. Lilac worked subsequently for STTGI as a consultant, didn't he?

A To the best of my recollection, he worked for Marvais as a consultant.

Q He worked out of the STTGI office and was paid by STTGI as a consultant?

A For the Marvais project, yes.

Q That was the only large project that STTGI was working on in the Middle East?

A In the United Arab Emirates, yes.

Q And at the time of the meeting in San Mateo, the focal point of the discussion was trying to get Marvais as a client with IDG jointly with STTGI?

A There was some effort, to the best of my recollection, to create some sort of a joint venture -- I don't know whether it was with STTGI or STC, with regard to the requirement in the Middle East. I don't remember which country it was related to.

Q Your negotiations with Mr. [redacted] centered on business in [redacted] correct?

A Yes. My business negotiations centered in connection with the security project that I mentioned in [redacted]

Q And you wanted also to expand the possibility of getting jobs for Marvais in [redacted]

A I did not participate in those meetings. Marvais participated directly.

Q You were aware of some meetings but you didn't participate in them?

A I knew that they had meetings between the two companies but I did not participate.

Q You were aware at the time of your meeting with General Secord about Lilac and Mr. [redacted] in San Mateo that General Secord was closely associated with [redacted] is that right?

A I don't know whether he was closely associated with [redacted] but I know that he was closely associated with the project, and I was aware that he managed and handled that project.

Q He being Secord?

A Secord.

Q You were aware that [redacted] was handling the project in [redacted] weren't you?

A I was not aware of that.

Q Was there any discussion whatsoever in your conversations with Mr. [redacted] about the possibility that [redacted] would provide any moneys to any insurgencies, anti-communist movements anywhere around the world?

A I had no participation in such meetings as far as I can remember.

Q Are you saying that there may have been such meetings that you didn't participate in or not?

A I said I do not recall having participated in such meetings, and if there were meetings that I did not participate, I don't recall of those meetings either.

Q Did you ever discuss with Mr. Secord the possibility that if you went into business with Mr. [redacted], that there would be some benefit from [redacted] that would flow to any anti-communist movement in the world?

A I had no meeting that I can recall that had any taste, smell or odor of politics related to General Secord or [redacted]

Q Do you recall any discussion with Mr. Secord -- is the answer no to my question then?

A Yes.

MR. JANIS: I think he has answered the question. Next question.

BY MR. HOLMES:

Q Did you ever discuss with Mr. Secord during that period of time, late '83, the potential of Mr. Secord's involvement in any anti-communist action?

A I don't recall such a thing.

Q Do you recall in about December of 1983 any discussions with Mr. Secord about any activities in Central America?

MR. JANIS: In December of '83?

MR. HOLMES: Yes.

THE WITNESS: Not that I can remember.

BY MR. HOLMES:

Q What became of your negotiations with Mr. [redacted]

A In connection with Mr. -- the only negotiation -- the only negotiation that I had with Mr. [redacted] as I testified that I can recall had to do with the security project for [redacted] and to the best of my recollection, Mr. [redacted], his representation of who he was and what he could do turned out not to be correct, and nothing came out of it except loss for our company.

Q Could you explain what you mean by that? You are saying that he represented that he had a lot of business strength [redacted]

A He had a business relationship with them. They were in his pocket. Khashoggi was in his pocket. He mentioned all kinds of names and made all kinds of representations, and we didn't get the project and the project was given to another company and we were out of pocket thousands of dollars for making a bid.

Q We are not throwing stones at Mr. -- I gather from what you are saying, your tone of voice, that you are feeling that he didn't deliver?

A I said that I was a principle of Stanford Technology, I knew how business was run in the Middle East. I asked Mr. [redacted] if he could pay off and if he had the capability; he said he did and he didn't deliver. I am consistent with my testimony.

Q So the agreement under negotiation was that he would pay off and the ultimate outcome was that he wasn't able to?

A Well, [redacted] I learned that things were done even in a more weird way than Iran. I learned that the same agent who make deals with a number of principles and they submit for the same bid different proposals from different companies, and they sit back and do nothing, and whoever wins, they get their commission. And this is exactly what happened, I learned -- this is exactly what happened in our case.

Q Were you asked at one point to submit a high bid by Mr.[redacted]s group on your project?

A I really don't remember,but he was engaged in -- what I can recall, he led us to give a price that caused us to lose and another company to win. This is what I can recall.

Q Your bid was too high?

A No. There were higher bids than ours, there were much higher bids than ours. We were right in the middle, but they were much lower bids that got the project.

Q Did he tell you at one point that you didn't have the strength to make this particular bid go to STTGI but if you went ahead and went along with this bid

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by bidding high and bidding yourself out, he would see if he could get benefit back to you in the process of other bidding?

A He didn't have such a discussion with me. I was representing the STC and not STTGI. If you look at this, you see I signed as STC.

Q This is Exhibit 22, an agreement bewteen Stanford Technology Trading Group International and IDG, and you are saying that you signed as STC?

A Stanford Technology Corporation.

Q I see three signature lines here. The first one is Albert Hakim.

A As an individual.

Q The second one is Richard Secord as an individual and the third is Stanford Technology Trading Company by Albert Hakim. You and Secord were the two partners in STTGI.

MR. JANIS: The document just says Stanford Technology Corporation.

MR. HOLMES: That is what I said. Referring to STG-11128, it is Albert Hakim personally, Richard Secord personally, and Stanford Technology Corporation by Albert Hakim as president. You and Secord were the two partners in STTGI, weren't you?

THE WITNESS: I don't know. That is what I am

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saying.

MR. LIMAN: This is an agreement with STTGI, and what Mr. Holmes is asking you is that since it is dated after STTGI was formed and after Mr. Secord became your partner, didn't both partners of STTGI sign this?

THE WITNESS: Mr. Liman, I'm saying STTGI was formed without Mr. Secord being a partner.

MR. LIMAN: But he signed this --

THE WITNESS: As an individual.

MR. JANIS: What is the date of the document? Is there a date on it?

MR. HOLMES: It is well after the formation of STTGI.

THE WITNESS: When did Secord become a partner in STTGI? That is the date that I'm trying to establish.

BY MR. HOLMES:

Q It was before you even met Mr. [redacted] by your testimony. That was in May of '83. This is almost a year later, January of '84.

A So then my question is, if the contract is between STTGI and IDG,why did Stanford Technology Corporation sign?

MR. LIMAN: It says an affiliate of STTGI shall mean Albert Hakim, Richard Secord and Stanford Technology Corporation, and there are various references here. Let's see if there are any guarantees -- it says the agreement is binding on the shareholders, officers and irectors of the parties and its affiliated companies.

THE WITNESS: Here is the --

MR. LIMAN: STTGI is signed for by Richard Secord as president and by you as chairman of the board of directors and the date of the agreements seems to be January 27, 1984.

THE WITNESS: Okay. This is different. That is why I am saying, that is an exhibit -- that is why we got confused.

MR. LIMAN: We have established that this was January 27, 1984, and it was signed by Mr. Secord and Hakim on behalf of STTGI and the agreement of purchase --

MR. JANIS: In other words, we were looking at the wrong signature page before, is that correct?

MR. LIMAN: Yes. And the agreement of purchase, which is the exhibit to it, refers to the board of directors of STTGI consisting of Mr. Hakim and Mr. Secord, and it requires the approval of 75 percent of the holders of the shares, and that happens to be signed by also STTGI and then there is a noncircumvention agreement, and that is the one that deals with Mr. Hakim and Stanford Technology.

THE WITNESS: That is why I got confused, because I couldn't understand the relevance.

BY MR. HOLMES:

Q Are you familiar with the name Hyde Park Square?

A The Panamanian company?

Q According to AH No. 8, your chart diagram, Hyde Park Square Corporation is marked down under Middle East with a designation E.

A Yes, sir.

Q When was Hyde Park Square Corporation formed? I'm not asking for an exact date. I'm talking about in relative terms.

A I don't remember; to the best of my recollection, it was an off-the-shelf company that existed in CSF, and we took it and used it. I don't know when they had incorporated that company.

MR. JANIS: For the record, Mr. Hakim has provided the committees with the appropriate corporate papers regarding the formation of Hyde Park.

BY MR. HOLMES:

Q What was your understanding of what it meant, what Hyde Park Square meant? Does it mean anything? Was it related to anything?

A No, it had no significance to me.

Q You didn't participate in the selection of that name in any sense?

MR. JANIS: If you know.

THE WITNESS: As far as I recall, I had no participation in choosing the name, and as far as I recall, even though if the company was incorporated, when I needed it. As far as I recall, it is possible that the company was incorporated even prior to my using it.

BY MR. HOLMES:

Q Did you ever discuss with anybody the original intention for which Hyde Park Square was incorporated?

A As far as I recall, no.

Q So it came to you as an off-the-shelf corporation with no history?

MR. JANIS: He said he wasn't sure whether it came as an off-the-shelf corporation.

BY MR. HOLMES:

Q I am asking for the best of his recollection.

A The best of my recollection, as I testified, I believe it was a company that was off the shelf. I don't recall at this time if I participated in causing it to be formed.

Q What was the first time you recall using the Hyde Park Square designation? I see that it is on the Exhibit No. 8, so I gather it was uppermost in your mind as one of the Treasury companies when you did the diagram.

A The best way to answer your question is to refer to documents that I have already submitted to the committees and get the dates.

Q Let me submit the dates.

When was this Exhibit No. 8 created?

A It must have been some time in the summer of '86.

Q What caused the creation of Exhibit No. 8, reorganization?

A I was trying to bring discipline in the chaotic way that we were operating.

Q So what day or week or month, if that is as close as you can get, would that have happened?

A I am unable to answer that question. I can't remember.

Q Was it at the same time as your reorganization is; in other words, was it all of a piece with other reorganizational things that you were doing? Would it be dated with other things of the same type?

A I don't remember, Mr. Holmes.

Q I'm wondering, for example, about the creation of the Button account on May the 20th of '86. Would it have been about the same time as that?

A I have really no recollection. I cannot remember this. As I said, if one should refer to the bank records related to Hyde Park, you should be able to get the information.

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[redacted] MR. JANIS: To move this along, the Button account was funded on May 20, 1986, and he has testified that this chart was created in the summer of '86, when Mr. Zucher's son was working for CSF.

BY MR. HOLMES:

Q Was Mr. Zucher's son already a summer employee by the end of May, or do you recall?

A I don't recall, but he helped me to prepare this. That is why I made the guess of summer, because --

Q Please look at Exhibit No. 23.

(Deposition Exhibit No. AH-23 was marked for identification.)

MR. JANIS: This is a document produced by Mr. Hakim, H-186. H-186, H-187 -- well, it is H-186, I take it, through H-191.

BY MR. HOLMES:

Q Mr. Hakim, on page H-188, is that your signature?

A It appears to be my signature.

Q That particular document is dated May 20, 1986, is it not?

A Yes.

Q And that is when you added your name to the signature on that account, is that right, along with Mr. Farina and Mr. Zucher?

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A It appears so.

Q Do you have any recollection of actually signing that document on May the 20th or could that be a document that was signed at a later date at Mr. Zucker's request?

A To the best of my recollection, I testified that I signed this document at my request.

MR. JANIS: Excuse me, other documents included in this exhibit indicate that an account was opened in March, March 14 of 1986, in which Mr. Hakim is listed as the principal --

MR. HOLMES: Why don't we ask one question and get an answer at a time and move it along.

MR. JANIS: On March 14, 1986.

I don't think this is accurate. I also don't understand the relevance of it.

MR. HOLMES: This document, 190, doesn't give him signature authority. Does document H-190 give you signature authority on that account?

MR. JANIS: Excuse me --

MR. HOLMES: I am asking the witness.

MR. JANIS: Your original question was when the accounts were opened. This ~~when~~ was on March 14.

MR. HOLMES: That wasn't my question.

MR. LIMAN: I think the question is whether he signed the document on or about the date that appears, and there was no answer to that.

MR. JANIS: The original line of questioning was when this was created.

MR. LIMAN: Why don't we get an answer to the question Mr. Holmes asked. He showed him his signature and he wants to know whether it is back-dated or signed on that date.

MR. HOLMES: Did you design this document on May so as it is dated, or could this have been signed at a later date?

THE WITNESS: I can't remember.

BY MR. HOLMES:

Q Did you sign documents of this type, not necessarily relating to Hyde Park, but documents of this type that were not being signed on the date that was on the document?

A I cannot recall.

Q You have testified that Mr. Zucker appeared at your hotel in November 1986 with a large stack of documents for your signature?

A Yes.

Q Documents that were sign or authority documents like this H-188 at that time?

A To the best of my recollection this was not part of those set of documents and to the best of my recollection the documents that he brought to my hotel had to do with, not bank accounts, but the companies that were created, sort of fiduciary agreements.

Q How many documents were there in total?

A I can't remember, probably as many as the companies that we had.

Q How many were there approximately?

A Just looking at this chart here, Exhibit Number 8, I can see, 1, 2, 3, 4, 5 -- well, no, this is not correct. This was never formed-- 1, 2, 3, 4, 5, 6, 7, companies I see here, and there were a few other companies that I have already mentioned and given you documents and testified that doesn't appear on this chart.

Q Did he give you a total then of not more than a dozen documents to sign?

MR. JANIS: If you can recall.

THE WITNESS: I can't recall.

BY MR. HOLMES:

Q I am trying to get a ball park figure. You testified earlier you had a large stack that could have been as large as hundreds of pages.

A I don't believe it was hundreds of pages.

Q How many pages was it approximately? How many times did you sign?

A I can't remember, Mr. Holmes.

Q I am asking for your best approximation. Was it

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more than a dozen? More than a hundred?

A Not more than a hundred, and I don't believe more than a dozen. I can't recall.

Q Can you be more specific between a dozen and a hundred?

MR. JANIS: If you can be more specific, tell him. If you can't be, don't.

THE WITNESS: I said I cannot recall that it was more than a dozen or a hundred. I just testified that. I can't recall if it was more than a dozen, so how can I say it was between a dozen or a hundred?

MR. HOLMES: My question is we got it between --

THE WITNESS: I don't believe it was more than a dozen.

MR. WECHSLER: No, you don't have it, right? He said he didn't think it was more than a dozen.

MR. LIMAN: I think he testified it was not more than a dozen.

BY MR. HOLMES:

Q You think it was less than a dozen?

A Yes, I believe so. You asked me to give you my guesstimate.

Q Were there any documents in there that you read?

A I don't recall reading any of the documents.

Q So how do you know what they referred to?

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A I just take Mr. Zucker's word for what he told me it was.

Q Was anybody else there?

A No.

Q What did he say?

A He said I may be audited by Swiss authorities and there are no owners of these companies. I need your signature.

Q And you believed that they related to the companies on Exhibit Number 8?

A I believe it is that, also, plus the other companies that we might have used that we did not have any so-called owner for it. What I am trying to say is it could go beyond the list -- beyond the chart.

MR. LIMAN: Mr. Hakim, so this testimony is clear, it was always intended that you have the ownership of those companies?

THE WITNESS: Yes.

MR. LIMAN: But you had not gotten around to signing the papers, is that it?

THE WITNESS: Yes, not only that we intended to dissolve them as we did not need them. If you recall that, yes. The answer to your question is, yes.

MR. LIMAN: Do you remember whether or not he had back-dated the documents so that your ownership was as of the date that the companies were formed as opposed to this November date?

THE WITNESS: I don't know. I can only speculate.

MR. LIMAN: Your speculation was that you backdated them?

THE WITNESS: I don't know.

MR. LIMAN: But you don't know.

MR. HOLMES: Mr. Hakim, in Exhibit 23, there is no Hakim signature on any documents that relates to the ownership of Hyde Park Square Corporation. The only signature on such a document is Mr. Farina's. The only signature that we have for you on this company is the signature specimen.

THE WITNESS: Yes.

MR. JANIS: For the record, the document to which you are referring, which is H-190, indicates that Mr. Hakim is the controlling person of the company.

MR. HOLMES: Yes, that is right, but it doesn't require his signature.

THE WITNESS: So I don't understand what your question is.

MR. HOLMES: Well, that is because we were interrupted.

MR. LIMAN: Let me see that a moment, and let's

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go off the record.

(Discussion held off the record.)

MR. HOLMES: Back on the record.

BY MR. HOLMES:

Q Mr. Hakim, you have said that you didn't sign in that instance to your knwoledge, documents such as H-188.

A Pardon me?

Q Is that correct?

A You mean you are talking about the hotel visit?

Q Yes, we are still talking about the hotel visit.

(Witness confers with his attorney.)

THE WITNESS: So it is that incident you are referring to.

MR. HOLMES: When Mr. Zucker appeared in November '86 at your hotel in Geneva.

THE WITNESS: Yes, sir.

BY MR. HOLMES:

Q You are saying you did not sign on that occasion documents such as H-188?

A As far as I recall, yes.

Q The signature card.

A As far as I recall.

Q You did sign something and you think that those somethings related to the various companies on Exhibit No. 8.

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A Yes.

Q I would like to know why some things have not been produced to us since they are obviously not within the documents in Exhibit Number 23.

MR. JANIS: There is nothing that we have not produced to you. If you want to play this game, let's get out all the corporate documents, put them all on the table and see.

MR. LIMAN: You have not produced the fiduciary agreements, have you?

MR. JANIS: We have produced everything there is to produce.

MR. LIMAN: I thought you said there were documents from Switzerland and that they were mailed to Mr. --

MR. JANIS: But they are not responsive to this.

MR. LIMAN: To Mr. Nields.

MR. JANIS: I want somebody to give us the records -- let me finish my statement. I want someone to give us now the corporate records and signature cards for each of these accounts. We will look at them, and at the dates and see whether he signed and we will be prepared to answer.

MR. LIMAN: Are you saying you have already produced the documents that he signed in November?

MR. JANIS: We think we have. What we need to do

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if-you are going to ask these questions is let's look at the documents.

MR. LIMAN: I inspected the documents before you produced them?

MR. JANIS: Sure.

MR. LIMAN: Are you telling us that your understanding is that those documents have been produced?

MR. JANIS: That is my understanding.

MR. LIMAN: If you looked over the documents we have received, do you think you would be able to identify them?

MR. JANIS: I don't know. Let's take a look at them.

MR. LIMAN: Have you seen those documents?

MR. JANIS: I have seen all the documents that were produced to you.

MR. LIMAN: Have you seen the documents that you believe you signed in November, the so-called fiducuary agreements to these different copies?

MR. JANIS: He has not testified that it was simply fiduciary agreements for the companies that he signed for. He said he signed a number of documents.

MR. LIMAN: But they were documents that he signed which he testified reflected the fact that he was the beneficial owner of the companies. That is what I understood his testimony to be before and today.

MR. JANIS: He doesn't recall just what it was that he signed. He signed them quickly for Mr. Zucker.

MR. LIMAN: He said he believes that is what he signed. What I am asking you is have you seen such documents? We don't have to play hide and seek.

MR. JANIS: I am not playing hide and seek. I am telling you I don't know and I don't think he knows precisely what it is he signed. If you want to ask him about signature cards and things like that, let's look at them.

They are dated and we can see what they are dated.

MR. LIMAN: Have you seen documents that reflect he is the beneifcial owner of these companies?

MR. JANIS: Yes, and so have you.

MR. LIMAN: Have you seen them?

MR. HOLMES: No.

MR. JANIS: They were in the records that were produced. Let's stop playing this game. You are playing hide and seek and I don't appreciate it.

MR. HOLMES: We don't have records that match the description of what Mr. Liman just described.

MR. JANIS: Let's not play these games anymore. You have the records, let's bring them up now and take a look at them.

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MR. LIMAN: Do we have them here?

MR. ZANARDI: They are upstairs.

MR. LIMAN: Are they upstairs in the house?

MR. JANIS: You can bring them all down here.

MR. LIMAN: Let's see if they can find these and meanwhile move on.

John, you can go up and see if we have the documents on the ownership of the companies.

MR. JANIS: Bring back all the binders that we produced.

MR. LIMAN: If we can find the documents I don't have to bring it all down.

MR. JANIS: I didn't say anything about fiduciary. He has not testified -- I know you would like it to be this way, but that is not what he said. He didn't say that these were fiduciary agreements that he signed. He said that these were documents that he signed relating to the companies. You have asked me if there are any documents that were produced which indicated that he was the controlling person of these companies, and the answer to that is, yes, and you have it.

You want to bring them down? We can take a look at them.

MR. LIMAN: Meanwhile let's move to another subject.

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BY MR. HOLMES:

Q Mr. Hakim, after Mr. Zucker left your hotel that night, did he leave you with copies of what you had signed?

A To the best of my recollection, no.

Q And did you ever approach Mr. Zucker thereafter and ask him for copies of what you had signed, or the originals?

A As far as I recall, no.

Q Do you have any idea where in the world those documents might be now?

MR. JANIS: You probably have them.

MR. HOLMES: I am asking him. He is the witness.

THE WITNESS: I have no idea, sir.

BY MR. HOLMES:

Q To your recollection have you ever produced those documents to your lawyers?

A My lawyers --

MR. JANIS: Mr. Hakim, just a minute.

(Witness confers with his attorney.)

THE WITNESS: Could you read the question back to me please?

(The question was read back by the reporter.)

THE WITNESS: I don't know what those documents are, and I cannot recall not knowing what those documents

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are if they have been produced or not.

MR. LIMAN: Did you make the selection of the documents that were produced for us? Did you go to Zucker's office and pick out what documents would be produced and which ones wouldn't?

THE WITNESS: As far as I remember, no.

MR. LIMAN: Who handled that for you?

THE WITNESS: To the best of my knowledge--

(Witness confers with his attorney.)

MR. LIMAN: What handled that for you?

THE WITNESS: To the best of my recollection, the request was made through my attorney -- Swiss attorney-- through their system and their system in the ethical and legal way the process was, he did that.

MR. LIMAN: And your Swiss lawyer's name is?

THE WITNESS: Mr. Philip Neyroud.

BY MR. HOLMES:

Q I gather that you gave Mr. Neyroud instructions with regard to the collection of documents for your subpoena?

A Yes.

Q When and where did you do so?

A I cannot recall the dates, but it was in Geneva, Switzerland.

Q How long before your deposition on April 20, 1986, did you do so?

A Probably a few months before that.

Q A few months before that?

A That I gave him instructions, yes, that is the best of my recollection.

Q So somewhere around January, February 1986?

A 1986?

Q Excuse me, 1987.

A I am confused with the dates the way they are, so yes, probably, about that time.

Q Who else was present?

A I don't remember if I recall correctly, Mr. Janis was also present.

Q What did you tell Mr. Neyroud?

MR. JANIS: Don't answer the question.

We will not get involved in conversations he had with his attorneys.

MR. LIMAN: We are entitled to know whether the document search here was one that was responsive to the subpoena.

MR. JANIS: I will tell you this so we can cut through all this.

MR. HOLMES: I am not so sure we will be able to take your testimony, Mr. Janis.

MR. JANIS: Fine, don't answer the question.

MR. LIMAN: Mr. Holmes, I want to know --

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MR. JANIS: My testimony is not being taken now.

MR. LIMAN: I am asking for a representation as to what was done to collect the documents pursuant to the supboena.

MR. JANIS: Requests were made through Swiss counsel to obtain all information necessary, to trace the flow of funds in all of these accounts. I will tell you that more than one request was made because when documents were produced and there were gaps in the documents, requests were made for an additional document. And a series of requests were made and CSF responded through its Swiss counsel to Mr. Hakim's Swiss counsel and produced documents.

MR. LIMAN: Were requests made for all documents reflected both ownership and signature power on these companies?

MR. JANIS: Yes.

BY MR. HOLMES:

Q How do you explain the failure of the Swiss counsel to come up with the so-called wills?

MR. JANIS: I am not under oath, and I am not sure there is a failure and I don't think that that is responsive anyhow to what Mr. Liman was asking me about.

MR. HOLMES: But the question is-- we first learned of it from Mr. Secord months later.

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MR. JANIS: I am not here to be interrogated. Ask your next question.

MR. LIMAN: They should have produced them and they didn't.

MR. JANIS: There may be other records they should have produced and didn't, but it has nothing to do with the lack of good faith on our part, and Mr. Hakim's part. Mr. Hakim, as he made clear, doesn't have custody of the records. Any time he wants to records -- he has to go back to CSF and make a specific request and he has done that on a number of occasions through counsel.

MR. WECHSLER: Mr. Janis has also said we made repeated questions because we did recognize gaps. If we had taken the first production, it would have been far less than what you ultimately received.

MR. LIMAN: Did you -- did you, Mr. Hakim, either directly or on behalf of or through any agents or attorneys ask the Swiss lawyers for Zucker or his company to withhold any documents?

THE WITNESS: Withhold, you mean withhold from giving it to you?

MR. LIMAN: Yes.

THE WITNESS: Absolutely not.

MR. JANIS: I will say even though I am not testifying, absolutely not. The contrary is the case.

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If anyone understood what we went through to get the records that you have, you would have a better appreciation for that. We have had to go back to them on a number of occasions and make a number of requests in order to try to put together as complete a pic~~k~~ture as possible.

THE WITNESS: If I may also testify that I was present, that because of the assisting of Mr. Janis they almost threw him out of their offices.

MR. LIMAN: Mr. Secord was with you in Geneva before these records were produced.

MR. JANIS: I don't think so.

MR. WECHSLER: No.

MR. LIMAN: He testified to that.

THE WITNESS: Excuse me.

MR. LIMAN: Was Mr. Secord in Geneva with you before these records were produced?

THE WITNESS: Talking before April 20?

MR. LIMAN: Yes.

THE WITNESS: No.

MR. LIMAN: Was he with you in Paris?

THE WITNESS: Absolutely not.

MR. LIMAN: You didn't meet with him before these records were produced?

THE WITNESS: No, sir.

MR. LIMAN: I may be mistaken.

MR. JANIS: That is precisely what Mr. Secord testified to, and he was incorrect.

MR. LIMAN: All right.

BY MR. HOLMES:

Q Was Mr. Green present in either Geneva or Paris to your knowledge at any time from November 1986 through April 1987?

A I remember one occasion.

Q Only one?

A I remember one occasion.

Q When and where?

A It was in Geneva after the Paris process.

Q After April 20?

A Yes, in the presence of my lawyers in Geneva, I believe, I met with Mr. Green.

Q Who was present at this meeting in Geneva?

A My both lawyers, Mr. Green, Mr. Secord.

Q Who do you mean by both lawyers?

A Mr. Wechsler and Mr. Janis, Mr. Tom Green, Mr. Richard Secord.

Q And yourself?

A And myself, yes.

Q Where in Geneva did you meet?

A In my hotel.

Q What hotel?

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A Cornavin, C-O-R-N-A-V-I-N, I believe.

Q How long did you stay there on that occasion?

A I had other meetings, if I remember correctly, for sometime, so I don't remember how long.

Q More than a few days then?

A Oh, yes. After my attorneys -- I believe all the four gentlemen left together and I was -- I stayed behind to conduct my business.

BY MR. HOLMES:

Q How long was Mr. Secord there?

A As far as I can remember he left about the same time that the other three gentlemen left.

Q Was he there at any time when his lawyer was not there?

(Witness confers with his attorney.)

THE WITNESS: Okay. I had some business associates to meet with me, and Mr. Secord stayed a day or two longer to meet with those people.

BY MR. HOLMES:

Q Who were they?

A A group of Iranian businessmen.

Q What was the nature of their business?

A The nature of the business was to establish a trading company and their capabilities dealing with carpets and various products we could import from Iran.

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Q That is import into the United States from Iran?

A No, just anyplace in the world that they would buy it. These people live in Europe.

Q So they were in the export business in Iran, exporting to the rest of the world?

A They are in the import-export business, yes.

Q Do you have any association with the -- do they have any association with the people we have identified on paper earlier today?

A Some of them do.

Q How many were there?

A I can't remember, maybe 3, 4, and I believe one had to do with one of the people that you have identified with me.

Q Apart from that person, what is the name of the business that they represent?

A The name of the business?

Q Yes.

A Are you asking for the name of their companies?

Q Right.

A I believe the company that they are forming or they have formed, if I remember correctly, as I testified earlier, I have been busy trying to create a new business network, and these people were there to create those companies. I believe they have formed a company.

If I am not mistaken the name of the company is Critex. I am not sure.

Q What are the names of the companies that they represent or represented before they formed Critex?

A I have no idea.

Q You don't know the names of the companies that these people were representing?

A I didn't testify that they represented any companies. I said they imported goods from Iran.

Q Did they do so under any business name?

A I have no idea. Their association with us started in this manner only as a result of the recent efforts of mine. This is a new endeavor.

Q Would you describe the proposed business of Critex, please?

A The proposed business of Critex is to either act as Liaison between buyers and sellers or import as wholesalers and sell it to the interested parties depending on the products they import.

Q Does it propose to engage in any particular specialities, any particular products?

A It proposes to deal with the products that can be imported from Iran such as dried fruits and nuts, pistachios, caviar, carpets, anything marketable, anything they can bring from that country.

MR. LIMAN: We have these records now and I am told by Mr. Monsky that the records that you produced have some bank records that reflect who controls the company, but that what we did not get are the powers that run from the directors of the Panamanian corporation in favor of Mr. Hakim or from Mr. Zucker's company indicating that Mr. Hakim is the owner. So that that step which you would expect to find with Panamanian companies, Bermuda companies, off-shore companies, where the directors or the Swiss fidicuary pledges the shares or gives the power to the beneficial owner, that documentation is missing, and we request that you see whether you can obtain that.

I think the documents that you are referring to that showed beneficial ownership are the bank records and we have that for three companies. You could show them the one for example of Domly.

MR. JANIS: You also have this.

MR. LIMAN: This is H-747.

MR. JANIS: And you have corporate records for each of them.

MR. MONSKY: If you looked at them you would see they were a dead end in a sense. If you walked in a courtroom and said, "Who owns these companies, the dead end. Is that Zucker's people that work for him control the companies as a legal matter."

MR. LIMAN: They show Farina of Bern, Mosee, and the document you would almost always see with these comapnies around which I suspect he signed in November have yet to be produced.

MR. JANIS: I think -- of course I don't have the records in front of me -- as I recall some of those corporate records indicate who was the owner of the stock. I know in at least a couple cases that is the case.

MR. LIMAN: We will check it.

MR. JANIS: So that would not be a so-called "dead end." This will save us all a lot of time and trouble; what we can do is if you have some specific documents that you are looking for put it on a piece of paper to us, and we will be communicating that request to the custodian of the records.

Other than that I can't help you.

MR. WECHSLER: It may make sense to hold it until tomorrow to see what we get in the mail, because the documents you are looking for may be in the package that we are hopefully going to receive tomorrow.

MR. LIMAN: Good.

MR. JANIS: I also think you should go back over the corporate records again and the other records to see whether you already have these things.

MR. LIMAN: I am sure Mr. Monsky, as a corporate lawyer, did that and I am confident that he knows where to look.

BY MR. HOLMES:

Q We don't have them with Mr. Hakim's signature on them. What we have is like what we have in Exhibit 23; that is, a bank signature card, not the so-called fiduciary agreement.

MR. MONSKY: Are you stating that with respect to some of the corporations here there are copies of stock certificates that show that Mr. Hakim owns it?

MR. JANIS: No.

MR. MONSKY: Where are the certificates?

MR. JANIS: I have no idea. I really reject the implication that some how we have withheld documents. That simply is not the case.

MR. LIMAN: You have made it clear that the documents are in the custody of Mr. Zucker. What I am saying to you is that --

MR. JANIS: I am saying that there are documents in at least some instances that I know that are there that say, for example, in one instance, I recall off the top of my head that there are a hundred shares of stock and the owner of that stock is Albert Hakim.

You have that in the records we have produced.

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I think there is more than one company where that is the case. But was there a sealed, you know, embossed certificate of incorporation?

MR. LIMAN: I wouldn't expect that. I would expect there to be either a power or some other designation.

MR. JANIS: What I suggest you do instead of cross-examining Mr. Hakim about documents he can't recall is make up a list specifically of what it is that you want, and we will communicate that request.

MR. MONSKY: We will give you our chart and then show you where the missing pieces are.

MR. WECHSLER: I still suggest we do that after tomorrow because hopefully we will get what we are looking for in the mail tomorrow.

BY MR. HOLMES:

Q Mr. Hakim, with regard to the documents that were referred to in your deposition in Paris concerning the ones that were deposited with the Swiss fiduciary -- do you recall that reference in your deposition?

A I think so.

Q I would like to know when they were deposited with him, with the Swiss fiduciary ~~fidicuary~~.

MR. JANIS: I'm sorry, could you repeat that question?

(Question read back by the reporter.)

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MR. JANIS: I am sorry, I am not sure I understand the question.

THE WITNESS: I understand it to mean the officer of the court.

MR. HOLMES: All right.

MR. JANIS: Is that what you referred to?

MR. HOLMES: The ones referred to in your deposition.

MR. JANIS: Wait, I am still not sure I understand. Are you referring to documents that were put under seal with the court official? That was referred to in his deposition.

MR. HOLMES: The ones I will get to, who they were put under seal to, but --

MR. JANIS: You were referring to documents that were not produced, but were placed under seal.

MR. HOLMES: Yes.

THE WITNESS: To the best of my knowledge, these are the documents that should be received by Mr. Nields that had been sent on Friday if I am not mistaken.

MR. HOLMES: These are the same documents we are talking about.

THE WITNESS: I believe so.

BY MR. HOLMES:

Q What leads you to that belief?

A Because of the information my attorneys have given

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me. They have communicated with Switzerland.

Q Let me find out from you when those documents were placed wherever they have been for at least since April 20?

MR. JANIS: He wants to know when they were placed under seal.

Q Where have they been, Mr. Hakim?

A From the minute we got them we put them in the custody of the court officials. We did that with the officer of the Swiss court.

Q All right. And where was that?

A In Geneva, Switzerland?

Q And who was that?

A I don't recall the name of the court officer.

Q What is the title?

MR. JANIS: He is called the Louissier?

THE WITNESS: I don't know. Mr. Janis, no, sir, what the title is.

BY MR. HOLMES:

Q When did this happen?

A Sometime in December of 1986.

Q December of 1986?

A Yes.

Q What documents were they?

A I can't remember.

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Q How many documents were they?

MR. JANIS: Can I suggest something? We have all be here a long time. I understood the purpose of this deposition to have been to prepare the witness for his public testimony. We have already told you, he has testified, that all of the documents that were placed under seal have been requested and will be provided.

So what is the point of asking him today when you are going to get all the documents tomorrow? What are the documents that you are going to get tomorrow? It is just a waste of time.

MR. HOLMES: Because I want to know today so I will know tomorrow.

THE WITNESS: I don't remember.

MR. HOLMES: So I will find out tomorrow what I get out of the mail.

MR. JANIS: I think we ought to defer that question until we get them, then you can ask him if there was anything placed under seal that was not provided.

MR. HOLMES: Mr. Hakim, what did you place under seal?

THE WITNESS: I don't remember, Mr. Holmes.

BY MR. HOLMES:

Q The documents of what type were placed under seal, though?

A To the best of my recollection they included some invoices, and these are I think all a matter of record already. We went over that so --

Q There was invoices. What did they relate to?

A To the best of my recollection they had to do with Defex. There were some various kinds of small amount of --

(Witness confers with his attorney.)

THE WITNESS: Small amounts of various documents that piled up. We did not even, to the best of my recollection we did not even list them with this court officer. I also recall there were some classified documents.

BY MR. HOLMES:

Q What do the classified documents relate to?

A If I remember correctly -- I may be wrong -- but I believe these are the documents that actually belong to General Secord that he left with me, and had to do with his trip to Israel.

I am just guessing. I actually can't remember.

Q You have mentioned listing documents with the court.

A I said we did not even list it.

Q Was there some process that he went through or did you inventory the documents you were putting with the court?

A He went through a process, the Swiss are quite bureaucratic and I don't recall right now what was the process that we went through.

Q But some form of inventory was prepared?

A Yes, some sort of.

Q I assume you signed the inventory?

A I don't remember.

(Witness confers with his counsel.)

THE WITNESS: I don't remember signing such inventory. I just can't remember, Mr. Holmes, what was the process we went through, but we went through a certain process.

BY MR. HOLMES:

Q Who was there?

A The court officer was there, Mr. Neyroud was there, Mr. Janis was there.

Q Anybody else?

A It is very possible that one of the secretaries was there. I can't remember. One of the secretaries of, Mr. Neyroud.

Q Where did the Defex invoices come from?

A I believe, like I said, these documents belonged to Mr. Secord, gave them to me.

Q Mr. Secord had given them to you?

A To the best of my knowledge.

Q Where did he give them to you?

(Witness confers with counsel.)

THE WITNESS: Excuse me.

BY MR. HOLMES:

Q Where did he give them to you?

A I don't remember, but they were given to me sometime back. They were left with CSF as a request -- as part of the request that we made for CSF to produce documents. They sent those to us while we were all there and when it was received, my lawyers decided that it was best we left them in the custody of the court officer.

Q What other kinds of documents were there?

A I don't remember.

Q I need a total of documents as close as you can get.

A I cannot guess, Mr. Holmes. I cannot remember. Let's go on.

Q I want you to estimate the total number of documents.

A I am sorry, I cannot help you, Mr. Holmes.

Q Is there more than a hundred.

MR. JANIS: Next question. Let's get on with this. This is ridiculous.

MR. HOLMES: There is a method by which you could have avoided this, and that was to produce the documents.

MR. JANIS: They are being produced tomorrow,

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Mr. Holmes.

MR. HOLMES: Some documents are, but --

MR. JANIS: Yes, and I am probably engaged in a conspiracy to obstruct justice and hold back all the damaging documents -- come on, this is ~~abseured.~~ absurd Mr. Liman, I want to take a break and I want to talk to you.

MR. HOLMES: We are not off the record yet.

MR. JANIS: Albert, come on, we are taking a break.

MR. LIMAN: Let's take a break.

MR. JANIS: I want to talk to you.

(Recess.)

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#9 (5:00 pm)
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MR. LIMAN: On the record.

Mr. Holmes will have a few more questions.

I wanted to ask something to clarify so I understand it, and then Tim is going to go on some of his with respect to the second channel. Let me put questions so I understand.

BY MR. LIMAN:

Q Do I understand that the documents that were put under seal were assembled by you some time after November of 1986?

A No.

Q When did you get those documents?

A The same day that we received it from CSF, upon advice of my Swiss lawyer and approval of Mr. Janis, we immediately called and put a lot of pressure and brought the court officer there and put it in his custody.

Q Mr. Janis began representing you after the events of November of 1986, correct?

A Yes, sir.

Q These are documents such as the Defex invoices --

A With CSF.

Q -- that were sent to CSF some time before, correct?

A Correct.

Q Why is it that CSF gave you these documents when they did as opposed to keeping them at CSF?

A Because the process of continuously commanding

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documents and checking to see what there was and what they had not sent, continuously calling the attorneys of Mr. Zucker.

It was a hide-and-seek process. As a result of that, these documents were coming in.

Q Where I am having difficulty, for example, the documents that you produced for us in Paris were not documents that were put under seal; am I correct?

MR. JANIS: Are you interested in making a record or finding out what happened?

MR. LIMAN: I want to know why some documents are under seal and other documents were produced to us, which I presume were not under seal.

MR. JANIS: What happened was when I was there in December, CSF on its own sent over a number of records that it had that apparently, I thought, were sensitive, and we immediately put them under seal with a court official. This was before any of the accounting records had been produced to the committee and were provided by CSF.

MR. LIMAN: Did you keep an inventory of what those records were?

MR. JANIS: No.

MR. LIMAN: Was there an inventory made of those records? Usually, there is when a court takes documents.

MR. JANIS: There was not an inventory made. The

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documents were placed in sealed envelopes.

MR. LIMAN: Is what is going to be produced now all of those documents?

MR. JANIS: Yes.

MR. LIMAN: Is the process that they are going to go from the Swiss magistrate to the Swiss lawyer and from the Swiss lawyer to Mr. Nields --

MR. JANIS: Yes.

MR. LIMAN: So they are being sent directly from the Swiss lawyer to Mr. Nields?

MR. JANIS: Yes.

MR. LIMAN: And he has obtained copies of them from the Swiss magistrate?

MR. JANIS: I understand that you will be getting the original documents.

MR. LIMAN: And if we -- just so that we have our records in oder, I would ask, without intending to insult the Swiss lawyer, for the equivalent of a certificate of compliance of production that he has turned over to Mr. Nields all of the documents that he received from the Swiss magistrate and that were lodged with that court.

MR. JANIS: Number one, that won't be a problem, and number two, it is entirely possible that there may be such a statement --

MR. LIMAN: There may be one attached?

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MR. JANIS: Attached when Mr. Nields receives the documents.

EXAMINATION BY COUNSEL FOR SENATE SELECT COMMITTEE

BY MR. HOLMES:

Q Mr. Hakim, we talked about a company called Critex. Where is that located?

A Mr. Holmes, when we met, the whole idea was to create a new network. I earlier testified that as the result of the Iran-contra initiate, the companies and the businesses structured that I had for many years was totally destroyed, and I was busy during the past five or six months trying to establish a new structure.

In trying to establish a new structure, I have asked a number of business associations, new business associates, to participate. The meeting that we are talking about in connection with Critex was at the early stage of trying to establish that organization. I am unaware what they have done and what is the location and where these people have established their -- to be their headquarters for their operation.

I have been moving to a number of cities, meeting with a number of people, trying to create a new structure to deal with Iran, and as soon as I finished with that, I came here to comply with the requirements here in connection with this investigation.

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I have not had a chance to check back to see where they are at and what the status of each company is.

Q Are you aware of an organization called the Arab Development Group?

A I used this name -- I don't know if there is a company by that name or not. I testified earlier when we started to deal with this TriAmerican Arms or so-called the Investment U.S., we told the people that it is the foreign investment money that is coming in and it is coming in from the Middle Eastern people.

I asked Mr. Zucker to send these names under a name that would reflect my representation to the people in the U.S. He used that name. Whether there is a company by that name or not, I have no idea, or he just used it for the bank records. I really don't know.

Q Is there a bank account with that name?

A Not that I know of.

Q In your own mind, who is the Arab -- let me ask this question first.

I gather that there is no business that is using that name, whether a corporation or any other form?

A Not that I know or or that I have any association with.

Q It was to signify a concept of Iranian involvement?

A No, the concept was to represent the Americans,

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talking to the Marostica episode, to represent these people that the money coming for this investment is money of Middle Easterners, so I requested Mr. Zucker to reflect on the bank transfer and bank documents the name "Arab Development" -- or I didn't even come up with the name "Arab Development", come up with something that would have the name Middle East, Arab, Iran, so that is what he came up with.

Whether there is such a company, I have no idea.

Q So, you told Marostica and others that there was such an organization?

A Yes.

Q And, in fact, the money was coming from the Lake Resources group?

A As I testified, yes.

Q Have you used the name "Arab Development Group" or "Arab Development Corporation" in any other context?

A Not that I remember now.

Q Do you recall generating any cash under that name?

A I don't understand the question of generating cash. You mean the company doing business and making money, is that --

Q I could be wrong, but as I recall your secretary -- one of your two secretaries has said that she was instructed to charge a cash withdrawal from STTGI to the Arab Development Group.

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A I don't know what you are referring to. I have no idea. But it could be, again, in connection with the same STTGI's involvement with Marostica and the investment. I have --

Q Do you recall ever having any cash that was associated with that name?

A I have difficulty understanding, Mr. Holmes.

Q That is a relatively unusual method of transferring -- I believe the amount was $30,000.

A Transfer by Arab Development?

Q To the account of, according to your secretary.

A I have no idea what she was talking about. If you can give me the context --

Q I will.

In the meantime, let's pass to the second channel.

MR. WOODCOCK: Mr. Hakim, I am Timothy Woodcock. I am also with the Senate Committee.

Before I begin my series of questions, I would like to clear up for the record a little bit on this piece of paper which you identified as being a person whom you describe as being the Engine.

Could we have this marked as a deposition exhibit? This will be sealed with Deposition Exhibit No. 20, but for future reference, this is now being marked as Exhibit No. 25, and Exhibit No. 25 does contain the name of the person that you have earlier called the Engine; is that correct?

THE WITNESS: Yes.

(The document marked Exhibit No. AH-25 follows:)

**********COMMITTEE INSERT**********

EXAMINATION BY COUNSEL FOR SENATE SELECT COMMITTEE

BY MR. WOODCOCK:

Q Mr. Hakim, I am going to refer to a name that is already a name which is publicly known, having appeared in the Tower Report, and that is the name of [redacted] Is that a name that is known to you?

A Yes.

Q Do you know [redacted]

A Yes.

Q How long have you known him?

A Several years.

Q Did you know him when you lived in Iran?

A Yes.

Q Do you recall what position --

A I don't remember whether I met him, but I knew him.

Q You knew of him, is that what you are saying?

A Yes.

Q But you do not recall whether you met him in Iran or later?

A That is correct.

Q Do you know what his position was in Iran?

A [redacted]

Q So your understanding, I gather, is that [redacted] was in some way associated with [redacted] is that correct?

A Yes.

Q Do you recall the circumstances under which you met him? You say you may or may not have met him when you were in Iran.

A The occasion that I remember meeting him occurred after the Iranian revolution, [redacted] . . . .

I may have met him before that. I just can't remember. That particular day I do remember.

Q Now, Mr. Hakim, let me refer you to Deposition Exhibit No. 20 to refresh your recollection on numbers 1 and 2.

Do you know whether the figure No. 1 had any kind of association or relationship with [redacted]

A Yes, I do.

Q What was the character of that relationship?

A Mr. [redacted] was his boss.

Q In [redacted]

A Yes.

Q Do you know whether since the revolution they had maintained a relationship?

A I know that they for a while maintained a relationship and then when No. 1 learned about the direction that Mr [redacted] was taking politically, he severed his relationship with him, and my understanding is that they are not on good terms.

Q Let me take you a step back on No. 1. I gather No. 1 is an individual you have known for some years, is that correct?

A That is correct.

Q Did you know him while you were in Iran?

A Yes, I did.

Q Have you kept in regular touch with him since you have left Iran?

A Definitely.

Q Do you recall when it was he would have severed ties with [redacted].

A I can make an educated guess. I would say it goes back some three years, sometime in '84, I would say. That is an educated guess. I could be a year off either way.

Q So '83, '84 or '85 would be the period in which this severence would have occurred?

A Yes, sir.

Q Did you know that [redacted] had a relationship in '84 with Ghorbanifar?

A I knew that he had a relationship with Ghorbanifar [redacted]

Q [redacted] in your earlier testimony you said Mr. Ghorbanifar had SAVAK connections?

A Yes, sir.

Q Did you mean he was an asset of SAVAK or an employee in the civil service end of SAVAK?

A I really don't have that information. I knew he was connected with SAVAK.

Q Do you know whether No. 1 and Ghorbanifar had any kind of relationship?

A I don't know. I doubt it, but yet it is possible.

Q Let me direct your attention, if I may, back to your efforts to open the second channel. I gather that that effort came at about the same time you were reorganizing, as is evidenced by Exhibit 8, the companies that you collectively describe as the Enterprise, is that correct?

A Well, I recall my establishing the second channel to be sometime around July; that is to the best of my recollection. This, I think, we somehow worked out the date as to when we established that to be also about -- my point of reference for this is the engagement of Eric Zucher as an employee, and I am estimating because he worked for us -- it was in the summer, so it should be about the same time.

Q You were earlier referring in your testimony to this, and you were pointing to Exhibit No. 8, is that correct?

A Yes.

Q If I recall your testimony correctly, you first placed Exhibit No. 8 in the context of your having realized that there had reached a point where the Enterprise was going to be more than a day-to-day thing, is that correct?

A That is correct.

Q I think that you connected that insight on your part with your understanding that you were going to make an effort to develop a separate second channel independent of Mr. Ghorbanifar, is that correct?

A That, I believe, was already on its way to occur. The answer is yes. The answer is correct, yes.

Q Now, when you undertook to open the second channel, I gather from your testimony you did that at the direction of General Secord, is that correct?

A That is correct.

Q Now, when you went to open up the second channel, I gather from your testimony that you had a meeting with No. 1 sometime in July, is that right?

A I don't recall if I had a meeting with him or I was doing this over the phone. I can't remember now.

Q Let me ask you something that perhaps may refresh your recollection. Do you recall meeting with No. 1 with George Cave?

A Yes.

Q How did that meeting come about, to the best of your recollection?

A I believe -- I think I also testified to that, that I wanted him to go through a lie detector test. Whether that occurred in July -- I didn't want him to be exposed before I was completely satisfied that he was clean for our purposes. So I asked him to come to the States and asked him to take a lie detector test. I don't remember whether it was in July.

Do you have anything that -- I got them to meet, but I don't know which one occurred first. He came here, took the test, and then met with Mr. Cave or it happened at the same time.

Q Let me just ask you this. I am going to show you something that will refresh your recollection, I believe. But when Mr. Cave and this fellow who has been identified as No. 1, when they ultimately met, do you recall whether anybody other than those two were present? Were you present?

A When I introduced them?

Q Correct.

A That is obvious.

Q Anyone else?

A I don't remember. It is possible that Mr. Secord was there. Mr. Robinette assisted me to get him to take the test.

Q How did he do that?

A He went to approval, someplace that he drove us 10 minutes away from our office.

Q That is the STTGI offices?

A Yes, Mr. Robinette took me to an ex-government employee who does this. I was told that he was an ex-government employee.

Q Let me see if I can understand this polygraph test better.

I gather it was your feeling that it would be to the benefit of No. 1 if he were subjected to a

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polygraph test?

A Not that [redacted] and I just wanted to make sure that he has no connection with the people, and when we satisfied ourselves, I believe the CIA, to make doubly sure he is not engaged with them, [redacted] So it was really for his protection, our protection -- I like, whenever possible, to do things right.

Q I'm going to show you what has been marked Deposition Exhibit No. 26.

(Deposition Exhibit No. AH-26 was marked for identification.)

BY MR. WOODCOCK:

Q I am going to ask you if you would direct your attention in particular to the last paragraph of that document.

You have had an opportunity to review Deposition Exhibit No. 26, is that correct?

A You focused my attention only to the last paragraph.

MR. JANIS: Read the whole thing, not just the last paragraph.

BY MR. WOODCOCK:

Q Now, I gather you have read the entire document,

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is that correct?

A Yes, sir.

Q You were asked earlier questions by Mr. Liman with respect to the provisoin of medical supplies to Iran. Do you recall those questions?

A Yes, sir.

Q At that time you described the medical supply enterprise that you were embarking upon as being something that was separate from the development of the second channel, is that correct? Strike that. Let me rephrase that.

You described the medical supply enterprise with Iran as being something separate than a U.S. Government interest in the second channel, is that correct?

A What I tried to describe was that I supported a penetration into Iran through supply of medical business in Iran. I said that was a good way to get into the Iranian network quickly, efficiently and gain some credit.

Q That is really what I'm driving at. I'm trying to clarify this point.

Much earlier in your testimony you testified that you believed that the best way to enter Iran was through commercial means, is that correct?

A I still believe so.

Q The medical enterprise you are describing

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would be one way of doing that, is that correct?

A That is correct.

Q The entry into Iran would benefit a businessman and the Government of the United States if the Government of the United States were associated with that venture, is that correct?

A That is correct.

Q Is it true that at this point, July 11, do you see the medical enterprise as something that could join with your effort to benefit the United States through opening a second channel?

A Yes. As a matter of fact, I am still pursuing it now.

Q When you say that you are still pursuing it now, you are pursuing it both for your own benefits and for possible benefits to the United States, is that correct?

A I have no idea what the United States' plans are. I am doing it strictly as a private businessman.

Q At this point, you were pursuing it both for the benefit of yourself and possibly the United States, is that correct?

MR. LIMAN: At which point?

BY MR. WOODCOCK:

Q July 11th.

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A Yes.

Q You met with the second channel on August 25, 1986, in Brussels, Belgium, is that right?

A We met with the so-called, a relative, yes.

Q Now, Brussels is a large transshipment point for medical supplies to Iran, isn't that true?

A I believe that is -- what is it, Exhibit 7 that dealt with the telexes in connection with the medical supplies. I believe if we examine that it is Brussels and that is where they are headquartered, yes.

Q By that time had you actually sent any medical supplies to Iran?

A No.

Q When you met with the second channel in -- on September 19 and 20 in the area of Washington, D.C., I believe in the STTGI offices, had you by that time sent any medical supplies?

A No, sir.

Q When the TOW shipment was sent out in early November of '86, did three pallets of medical supplies go with it?

A Not to the best of my knowledge.

Q There were discussions, however, that three pallets of medical supplies would be sent out at approximately that time, is that true?

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A According to the agreement, the 9-point agreement, I think it was to be sent -- if we can refer to that, I think it was the next step, if I am not mistaken.

It is clearly stipulated in the 9-point agreement as to when those pallets should have been sent.

Q Were those to be sent through a company of yours or through the U.S. Government?

A It was supposed to go together with the weapons.

Q Do you know whether at any time Lieutenant Colonel North would have been under the impression that medical supplies were being provided to Iran in the fall of 1986 that would have been coming from your organization or from one of your companies rather than the U.S.?

A By then, the second channel was opened, and there was no longer a follow-up on my original scheme of which I had started with that group, referring to Exhibit 7, is it -- see, I started -- the telex and so forth.

MR. WECHSLER: Exhibit 7.

THE WITNESS: I started with my scheme of penetration and before I had a chance to completely develop that, the disappointment with channel 1 occurred. So, we had to shortcut and go to the second channel and not any longer pursue my scheme of medical and hospital supplying.

So, when the pallets got ready, and at the same time channel 2 was opened, and then at the same time the 9-point

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agreement was reached, so it was going to go as part of the U.S., if you will, gift to the Iranians.

BY MR. WOODCOCK:

Q So, at that point there would have been no understanding that these medical supplies would have been coming through one of your companies; is that true?

A The Iranians would have understood that it would be coming from the U.S. Whether it would go through my companies or not, their understanding was that it was a gift from the U.S. Government.

Q Let me turn back to deposition Exhibit No. 8.

In your earlier testimony, you said that the three continental divisions there -- South America, the Middle East, and Africa -- included Africa because of the possibility of some operations in Angola; is that true?

A I believe what I testified was that I heard -- overheard Angola mentioned -- in this whole process sometimes jokes and serious matters were mixed, and there was a talk that if we were successful, who knows, we may go to Angola next.

Q Do you recall who it was that made that remark?

A It could be out of General Secord and/or Ollie North.

Q I gather you took the joke serious enough to at least make room for it on the chart; is that true?

A I didn't take it seriously. I have seen so many abnormal movements that I wanted to be ready for it.

Q Do you recall in September of 1986 entering into disucssions with Charles Allen with respect to an attempt by the Iranians to purchase TOW missiles through [redacted]?

A I know I had -- this is a face-to-face meeting you are referring to?

Q I believe they are telephone conversations. I don't know whether it involves a face-to-face meeting, as well.

A That makes more sense, because I had only one face-to-face meeting with Mr. Allen, and then a lot of telephone conversations with him.

And the conversations related to the group that I still believe had to do with the first channel that was trying to discredit us by saying that they had TOW missiles packed, ready to be shipped, and there was an Iranian in [redacted] who apparently had the mission through a different faction to provide these TOWs, and we were pursuing that.

Basically, if there is any conversation, telephone conversation between Charley and I, I have been giving him information to follow up so we could understand where we were going.

Q Now, I gather when you say that this was the group that supported the first channel, you are speaking of a political group within Iran; is that true?

A No, I am talking about Mr. Ghorbanifar and his gang.

Q I gather they had some connections with people in Iran; is that true?

A My understanding was that while we were -- what is the date of this?

Q This would be approximately in September of 1986.

A I believe by then they had smelled this -- channel one being Ghorbanifar -- that something was going wrong for them.

Q This is whom? The people in Iran?

A No, Ghorbanifar.

Q You are saying that by this time Ghorbanifar had figured out that he was having problems because you had developed an alternate, a better channel?

A He felt things. There is a whole [redacted] and a story about this [redacted] If I would want to talk about that it would take a good 15 minutes.

Q I am not interested in that.

A There is a relationship, in my opinion, between Ghorbanifar, Khashoggi, [redacted] and the fellow in Spain that we were trying to follow.

Q Were you concerned that there really was a possible shipment coming out of [redacted] or did you think it was all made up?

A I was being told that it was all made up and the purpose was to discredit channel 2.

Q You referred just a moment ago to [redacted] that centered on this [redacted] centered TOW transaction -- how do you know there were [redacted]

A I asked Charley to do it.

Q You asked Charley to seek [redacted]

A I used to give him [redacted] and so on.

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BY MR. WOODCOCK:

Q Did you and he then discuss the results of the [redacted]

A I don't know whether he discussed it with me or with General Secord. Mostly it was a one-way communication with Charlie, I give him the information, whatever the results of the investigation would be would go into their system.

Q How did you happen to meet Charles Allen?

A I believe this telephone number first was given to me when George Cave had to leave town and asked me to contact him if I had anything that had to go to the CIA.

Q Do you recall when that would have been?

A Definitely during the time that I became more active and that had to do with the second channel.

Q So the summer of 1986?

A Right.

Q You say you had one point at which you met him face-to-face; is that right?

A Yes, he came to STTGI.

Q How did that come about?

A He had questions or difficulties in -- my understanding was that he was an analyst and he had problems in understanding certain events. He came to get my opinion. To see if I could figure -- I don't remember what the subject was -- but he wanted to see what was my analysis of the situation or maybe he used that as an excuse just to meet me and see who I am.

Q What situation are you talking about?

A There were certain things happening with the project that he wanted to understand better.

Q This is the second channel opening?

A Second channel, yes.

Q When you met with the second channel in Brussels, did you bring up the subject of the proposed joint commission between the United States and Iran?

A Oh, that came much later.

Q Do you recall whether that would have come up in the context of the meeting in the Washington, D.C. area?

A I believe it was even later. It might have touched on -- we might have touched on it in September, but I don't remember. But seriously, it was discussed after we had further meetings.

Q Do you recall whether it was the second channel who proposed that idea?

A Who?

Q Was it the second channel who proposed the idea of a joint commission or did that come from the American side?

A I really don't know how it came about. It could have been my idea. As I mentioned, after the meetings I had also an analysis and preparation assignments with the Iranians.

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I could have suggested that or it could have been there. Let's draw a line between the joint effort that I am talking about and probably the joint effort that you are talking about. We may be talking about two different things.

Q Why don't you describe the joint effort that you are talking about.

A The joint effort that I was talking about had commercial element in it. There was also discussion that I think came up in September that had to do with the politico-military joint effort that they should meet regularly and do things as such.

Q That is really what I am centering on. This is a formal joint commission between Iran and the United States.

A Okay. I am with you now.

Q All right. Do you recall whether it was the second channel and his side that proposed that or was it the United States?

A I think it was an evolution. The way it developed they said that they cannot communicate without having secure communication.

Q This is both sides saying that?

A Both sides saying that we need to have secure communications. That developed into a proposed plan that there should be a joint commission, committee with people meeting regularly and even for us to send communication people from the agencies to sit there and things like that, just an evolution.

Q Do you recall Mr. North and Mr. Secord and Mr. Cave at some point being designated as the people who would represent the American side on that joint commission?

A Yes.

Q Do you recall whether the person who is referred to as number two in Deposition Exhibit number 20, I think it is, yes --

A Can I see that?

Q Yes, go ahead.

A Yes.

Q Do you recall whether number two was ever designated by anyone on the Iranian side as being a potential member of that commission?

A Not that I recall. To the contrary, I --

Q Your recollection would be that he would not have been so designated, is that correct?

A Correct.

Q When you testified earlier about being indebted to persons who had assisted you in opening up the second channel, was number one and number two among those?

A Partially, yes.

Q When you say "partially", what do you mean by that?

A I also testified that certain maneuvering had to go

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on in Iran to bring the different factions together.

Q I see what you are saying. In addition -- there are people in addition to number one and number two, is that true?

A Yes.

Q Let me turn now to the subject of number two. Was he somebody that you knew in Iran?

A No.

Q Was he somebody that you met following the revolution?

A No -- well, the answer is yes, but I met him through number one.

Q Did you have any knowledge of him before you met him through number one?

A No.

Q And I gather that you met number two in connection with the opening up of the second channel?

A That is correct.

Q There was a meeting held in Frankfurt on October 29 and 30 of 1986 which according to our records you attended. Do you recall that meeting?

A You say in Mainz?

Q Yes.

A Yes.

Q Do you recall that meeting?

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A Yes.

Q How would you describe your role in that meeting?

A I would say I was less active than the meetings that the "Engine" participated in. The "Engine" did not participate in that meeting.

Q Do you recall at any time giving advice to North as to how he should -- how he might proceed with his negotiations with the Iranians?

A I know that I had done that, but I don't know whether it occurred during this meeting as well or not.

Q Let me ask you to focus on this particular period of time, what was your perception of how the hostage problem should be resolved?

A I did not approve of Colonel North's focusing on hostages. My suggestion was that you should low key that, you should not show any interest or hunger in getting the hostages back because his prime objective at that time was to support the President in connection or the Republicans for the elections, and I found that to be counter-productive and, like I said, that is not a good negotiating tactic. You should low key that and then to the contrary tell them you are not interested in that.

Q Did you suggest to them any kind of a mechanism that might be used to address the hostage problem at this time?

A I vaguely remember, but I can't recall what it was.

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Q Okay.

A If you have anything that can refresh my mind, maybe I can see it.

Q I probably do, but I am not sure I can show it to you.

Let me -- that is all right. I will drop that and turn to another subject.

When you became involved with the negotiations that occurred in Frankfurt on February 25, you recall that, I gather?

A This is the first channel?

Q Correct.

A Yes.

Q This is the negotiation in which you appeared in disguise?

A Yes.

Q You testified earlier I think that you believed that you had some photographic representations of yourself in disguise; is that right?

A Yes.

Q Did you have an opportunity to see whether you had those in your records in California or elsewhere?

A I searched for them without any success, but I am almost certain I have it, but there was not enough time for me to look for it. I will continue to search for it.

CAS-8 Q I would appreciate that if you would.

[redacted]

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[redacted]

Q I believe you also testified that when you went to Frankfurt in February 1986 you were pressed into attending both the military briefing and the political discussions; is that right?

A That is correct.

Q What role did you serve in the military briefings?

A I interpreted.

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Q Interpreted for General Secord, is that right?

A And also the CIA official. He was there for part of the time.

Q Did he assist in the briefing?

A Yes, he opened the briefing. He started briefing then he had to catch a plane and he left and General Secord continued.

Q So it was General Secord, you for a certain period of time, the CIA person, and he left?

A Yes.

Q Was the "Engine" present at that meeting?

A Yes.

Q Did he also attend the political discussions?

A No.

Q And the "Engine" himself had one or two people with him; is that right?

A As a matter of fact, he sat back and he did not appear to be an "engine", he was an observer.

When I met him again that is when I found out.

Q Now, after that political discussions and the military briefing were concluded, did you meet the next morning with the Iranians, you and General Secord?

A I know that when [redacted] was whispering to my ear, General Secord was present in the lobby there, but I cannot specifically remember having a meeting that

General Secord also appeared in.

A I don't remember that. But I know General Secord met [redacted], if he had not met him before -- which I don't think he had -- when I was in the lobby with Mr. Secord.

Q You have also testified that you had several conversations -- I don't want to mis-state this, but my recollection is that you said many, many conversations with [redacted] in March of 1986. Is that true?

A Yes. The document that I produced today is dated. Is that March?

MR. GAGNE: March 28, yes.

THE WITNESS: Yes.

MR. GAGNE: Exhibit 16.

BY MR. WOODCOCK:

Q All right.

A I believe there were conversations before that, so probably mid-March.

Q Where was the phone drop that [redacted] would call? Where was it physically located?

A In STTGI. We established a separate line for him to use.

Q Do you recall how that was answered? Someone would pick up the phone and what would the answer be?

A The telephone was hooked up in my room and Mr. Secord's room only, so only one of us could have picked

CAS-13 up the phone.

Q Let me back up and then ask the question differently. When you appeared before [redacted] in February of 1986, you were described as a U.S. Government employee with an interpreter for the President, I think is what you were called; is that correct?

A Right.

Q When this phone drop was arranged, I gather that was arranged to perpetuate your role as the interpreter for the President; is that right?

A Just to maintain continuity. There was no one else to talk to him.

Q But you perpetuated your role as being an employee of the President; is that correct?

A I never denied the representation that was made, but the focus of the phone calls is as shown in that exhibit. Just bargaining back and forth.

MR. LIMAN: Can we go off the record just a second?

(Discussion off the record.)

MR. WOODCOCK: Mark this as Exhibit 27.

(The document referred to was marked for identification as A.H. Exhibit 27.)

BY MR. WOODCOCK:

Q Let me direct your attention to what has been marked

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as Deposition Exhibit number 27. Take a moment, if you would, to read that.

MR. WOODCOCK: Let me go off the record.

(Discussion off the record.)

MR. WOODCOCK: Back on the record.

BY MR. WOODCOCK:

Q Let me ask you questions about this exhibit now.

Mr. Hakim, I am showing you what has been marked as Deposition Exhibit number 27, and I have gone off the record to read it to you with you following along as some of the lettering is not crystal clear.

Are you satisfied with the reading that I have just performed of this exhibit?

A Yes, I am.

Q Let me ask you a couple questions about this. First let me ask you if you recall this conversation as it has been recounted in here in Deposition Exhibit 27?

A I --

Q What I am saying is this purports to recount a conversation that you had with [redacted] over the telephone.

A Right. That is correct.

Q Does the substance as it appears in Deposition Exhibit 27 square with your recollection of the conversation that you, in fact, had with [redacted]?

A I can't recall. Let me go back and correct myself.

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It -- the direction of this exhibit is similar to the direction of the phone calls I had with [redacted]. I find one thing in here which is not in line with -- actually, there are two things here that are not in line with what I recall from my conversations with [redacted]

Q All right. Would you point those out, please?

A One was the place of meeting was Qish Island and not Kharg. So that discussion probably -- I don't know how to account for that.

MR. LIMAN: I think that is just a mistake because the documents, the other documents show that it was Qish, not Kharg.

THE WITNESS: Okay.

Then I do not recall at any time [redacted] saying that Mr. [redacted] would participate in the meeting and yet I do not find that to be out of the ordinary if they are bargaining, they try to impress us. But at this time I don't remember it as a point that I would have believed and focused on.

BY MR. WOODCOCK:

Q Let me ask you some questions about what may square properly with your recollection. Do you recall a discussion at this period of time that a high level meeting was in order or was in the works?

A Definitely.

Q Do you also recall as part of the discussions at

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this point in time that 3,000 TOWs were also being discussed?

A My understanding -- I don't know where I got this understanding -- it is very possible I got this understanding even through listening to testimonies. But that the total number of TOWs that were approved to be sent was 3,000.

Q All right. Let me back you up. Did you have an understanding at this point that 1,000 TOWs had already been transported to Iran?

This is following the February 25 meeting.

A I don't recall that I was aware that the shipments were made. The only way that I could relate to this is if I go back and check the payments into our accounts because I don't --

Q Perhaps I can put the question differently. I don't want to dwell on it, but as best you recall there was a figure of 3,000 TOWs at one point, is that correct?

A Yes.

Q And I gather what you are saying is you are not sure at this time whether 3,000 was still available or whether just 2,000 would be available; is that correct?

A Yes.

Q But it would be either 3,000 or 2,000 to the best of your recollection; is that right?

A Right.

Q And this is information, I gather, that you would then have conveyed directly to General Secord or directly to Oliver North?

A To the best of my recollection, it was okay when I gave them the tape. I would give them a brief report on what went on and tapes were prepared and I gave them the tapes.

Q So I gather to the best of your recollection at this point you are not directly calling up North and saying I just spoke with [redacted] and he said the following?

A I don't believe I ever did that.

Q Did you ever do that with General Secord?

A Oh, all the discussions with [redacted] was while I was there and Secord was there.

Q Let me show you another exhibit, if I may. This is going to be marked as Deposition Exhibit number 28.

(The document referred to was marked for identification as A.H. Exhibit 28.)

BY MR. WOODCOCK:

Q I simply want to direct your attention to one paragraph of this document, the last paragraph on the first page.

MR. JANIS: Off the record.

(Discussion off the record.)

BY MR. WOODCOCK:

Q Just look at the last dot.

A This is what now?

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Q 1985.

A September 1985.

Q Let me become a witness here for the moment to give you a little bit of background on this exhibit. This exhibit which has been marked number 28 is what has become known as the famous undated memorandum or the diversion memorandum and was found in the offices of Lieutenant Colonel North.

The best date people have been able to place on this is sometime within the first week of April 1986, perhaps April 4. My question to you is that again, focusing on the figure of 3,000 TOW missiles by this point -- this is perhaps ten days after the phone conversation that you have just testified to that was set forth in Exhibit 27 -- is it your understanding that that in early April they are still talking in terms of 3,000 TOWs as a possible part of the Iran arms transactions?

MR. JANIS: Do you understand the question?

THE WITNESS: I am not sure. Where is the focus of the question?

MR. JANIS: Is the question, did he, assuming this was in April 1986, did he still understand in April of 1986 that they were talking about 3,000 TOWs that were going to be shipped to Iran?

MR. WOODCOCK: Correct.

CAS-19

THE WITNESS: Are you assuming that I -- during that time Cave had not come aboard?

BY MR. WOODCOCK:

Q No. I am not assuming that. As a matter of fact, I think the record would show that George Cave joined the Iranian initiative sometime around March 7 or 8 of 1986.

MR. LIMAN: What is the relevance to that point, that you dropped out in terms of being privy to some of the information?

THE WITNESS: That is what I am trying to say. If he came in that early, then why was I still receiving the calls -- that is a question I ask myself -- on March 27. If he came in that early --

MR. JANIS: He is talking about the telephone call.

THE WITNESS: So it means there was a period of time that Cave and I worked together.

BY MR. WOODCOCK:

Q Well, it is a good question that you are asking yourself.

A During the first channel. And I don't recall that.

Q In other words, you don't recall working with George Cave; is that correct?

A During the first channel.

Q But you do recall that you had a period when --

CAS-20

A I am not eliminating that possibility, but I don't recall it.

Q Let me ask you this: you do recall that there was a period of at least a few weeks following the February 25 meeting where you did answer the phone calls at the phone drop from [redacted] is that correct?

A Yes.

Q To the best of your recollection, although George Cave may have been brought into the operation by then, you were not dealing with him; is that right?

A Yes.

Q Now, again, going back to my question as restructured by Mr. Janis, do you recall at this period of time -- we are assuming this is early April 1986 -- that 3,000 TOW missiles were still being considered as part of a possible arms deal with Iran?

A I am afraid I can't help you with that because I don't have any continuity to help me to answer that question.

Q Let me ask you a different question. Would you take a moment and simply look through this memorandum from start to finish and feel free to take as much time as you would like.

MR. LIMAN: And he will be asking whether you ever saw that memorandum before.

MR. JANIS: I assume because a large portion of this was quoted in the Tower Report, you would mean prior to the time of the Tower Report.

MR. WOODCOCK: Correct.

MR. LIMAN: Prior to that time.

MR. LIMAN: Off the record.

(Discussion off the record.)

THE WITNESS: If I become convinced after looking at two pages that I have not seen this thing, you still want me to go through this?

BY MR. WOODCOCK:

Q Well, that is okay.

A Here I see 200 Phoenix's and harpoons and all this. That immediately tells me that I have never seen this before.

MR. LIMAN: Did you ever see any memorandum generated by the NSC that refers to using the proceeds of the arms sale for the contras?

THE WITNESS: Not that I can recall.

MR. LIMAN: This memorandum does refer, if you look at -- I will show you which page -- it does refer to those, the diversion. It refers to the fact that out of the proceeds will be a need to purchase critically needed supplies for the contras.

THE WITNESS: This is what Mr. Meese referred to.

MR. LIMAN: That is the famous diversion memo. Had you ever seen any memoranda of Ollie North's that referred

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CAS-22 to that?

THE WITNESS: Not that I can recall, no.

MR. LIMAN: Did he ever tell you that he, Oliver North, anticipated that he would get $12 million from the Hawk parts sale in May to use for the contras?

THE WITNESS: I never recall such a thing. I can't recall such an intimate discussion from him.

MR. LIMAN: Or from General Secord?

THE WITNESS: I don't recall that.

MR. LIMAN: Thank you.

end #10

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6:30 p.m.

MR. WOODCOCK: I have, I think, just one more question that I want to direct to you on the subject of Exhibit Number 28, and that is if you would refocus your attention on the second page of this document to the second complete paragraph, beginning with the words "From March 9 until March 30", read that entire paragraph, if you would.

(Witness reviewing document.)

THE WITNESS: Yes.

BY MR. WOODCOCK:

Q This paragraph contains in it what appears to be a summary of the earlier summary of your phone conversation with [redacted] that has been set forth in Exhibit Number 27; is that the way it appears to you?

A Yes, and then this also reminds me of a phone call that they initiated.

Q When you say they --

A [redacted] group. See, if you go back to this, there is something here that rings a bell. It says on March 26, blank -- that probably refers to [redacted] -- or somebody who works for him, I can't remember his name --

Q I have the document in front of me without the deletions, and I can tell you for the record it refers to [redacted] at that blank point.

A [redacted], or one of his men --

MR. JANIS: He said it was [redacted]

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THE WITNESS: I remember him chasing me, looking for me. He never called -- he always called, as I remember, and this was one phone call that he made after some time that we had silence, and he wanted to know what was happening. So, yes, the answer to your question is that possibly, yes, this is that same phone call.

BY MR. WOODCOCK:

Q The one that was referred to in Deposition Exhibit Number 27?

A Yes, possibly.

MR. LIMAN: Could I interrupt for a moment?

BY MR. LIMAN:

Q Were you ever asked, Mr. Hakim, to make any provision out of the transactions with the second channel to repay Ghorbanifar or Khashoggi?

A The answer is no, but there was a lot of effort -- we knew where the phone was, and we made a lot of effort to get that released.

Q You say you knew where the money was -- what do you mean by that?

A At least I knew where the money was.

Q What do you mean by that?

A The Iranians had it, and they refused to pay. The so-called lost $10 million that Khashoggi never got paid, the Iranians told me they had it, and they refused to pay because

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they were over-charged by Ghorbanifar. And at one point, when I insisted that they may damage our relationship, he joked about it and said if he really wants it that bad, let him come to Tehran and collect it.

Q Was he referring to Khashoggi or Ghorbanifar?

A Ghorbanifar.

BY MR. ZANARDI:

Q Did you tell Mr. Secord where the money was?

A I believe I told them all. I believe there is also information confirming that.

Q Was there ever any consideration of using any of the enterprise reserves to meet this requirement?

A Not that I know of. We never had anything close enough to meet that obligation. From what I know, it was a $10 million requirement. And I also remember that I was threatened to be sued by Mr. Khashoggi because of Lake Resources.

MR. LIMAN: Thank you.

BY MR. WOODCOCK:

Q Let me direct your attention to Number 28, the paragraph I asked you to read. That contains in it a reference to -- let me quote it -- a reference to [redacted] saying he, [redacted], was informed by our Farsi speaking interpreter that the conditions requiring additional material beyond the 3,000 TOWs were unacceptable and that we could in no case provide anything else prior to release of our hostages. Does that sound like a conversation you participated in?

A Yes. That rings a bell. I recall getting permission to play hard ball.

Q When you say you got permission, where did you go to get permission from?

A I think I asked Richard, you really should cool it when these people say that is it, we can't do it, and he said fine.

Q By Richard means you went back to General Secord?

A Yes.

Q You conveyed that on to [redacted]?

A I think Richard checked with Ollie or CIA and told me. I am not suggesting that this happened during the phone conversation. Our policy was if they call, we should cool it, and if they call, we should hold our position.

Q I want to be clear, because the memorandum reads as though you have, in fact, conveyed this position to [redacted]

A That is what I am saying. I am saying that prior to this conversation, I recommended that we take a hard position if they call.

Q And your recollection is that you inquired of General Secord as to whether this was all right, and there was a lapse where General Secord talked to somebody and then came back to you and gave you the okay, is that correct?

A Yes. And when this unexpected call came in, I took the hard line position with them.

Q Do you recall what [redacted]'s reaction was to that?

A I can't remember. I can't speculate.

(Recess.)

BY MR. WOODCOCK:

Q Mr. Hakim, I want to shift topics with you, if I may. Do you recall in the spring of 1986 assisting drug enforcement agents in an effort related to the hostage rescue?

A Yes.

Q What do you recall about that?

A First, I recall making the money available to them. I believe the amount was $30,000.

Q Let me stop you right there. Do you recall approximately when that would have been?

A I believe we restructured that date in the testimony. I don't remember that. We went through the exercise when I testified that that was during the time that I rented a furnished apartment, and it occurred at the same time that Secord was in TelAviv.

Q That is fine. And you are talking, then, about late May, 1986, is that correct?

A Yes.

Q You say you gave $30,000. At whose direction did you provide the $30,000?

A Secord.

Q Do you recall who it was you provided it to?

A I believe --

MR. WECHSLER: He testified, the names are in the record.

BY MR. WOODCOCK:

Q [redacted] is that correct?

A I believe that is the gentleman. And I also coordinated the movement of the ship, Erria, that was in the region.

Q Who did you coordinate that with?

A Through the shipping agent, Tom Parlow and also what I was doing was Tom Parlow, Tom Clines, and if I am not mistaken, I don't remember when it happened, the captain was also telephone patched to me. It is possible. It may have happened during a different mission, but it could have been this one, but the coordination between the ship, Tom Clines, Parlow, also I believe getting money to the captain because he had to pay some port fees was part of that.

Q Part of the $30,000?

A No, separately, maybe I arranged it through Parlow to telex it. The basic coordination.

Q Did you know where this operation was being run from, where it was headquartered?

A You mean where the DEA and Tom Clines and so forth

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were?

Q Yes.

A Oh, yes. [redacted]

Q And I gather you knew that Clines, himself, was in [redacted] too?

A Oh, yes. I had the telephone number of the hotel. I called them. They called me.

Q Did you have much advance notice of this DEA operation?

A No.

Q Did you know that a DEA operation was under consideration before you were actually called by General Secord in late May of 1986?

A No.

Q Do you recall having -- making any other disbursements other than the $30,000 disbursement that you discussed and the telex disbursement that you have discussed to DEA agents at an earlier time than May of 1986?

A Something tells me that there was also a $5,000, and I cannot remember. It is possible that there was --

Q Do you have any recollection, if there was a $5,000 payment, when that might have occurred?

A No, I cannot remember. I am sorry. But I believe there was another payment.

Q Do you recall when you met Mr. [redacted] in May of 1986,

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was that the first time you had met him?

A And I believe the only time. I don't remember whether I met him again.

Q Do you recall whether you spoke to DEA agents by the name of [redacted] or [redacted]

A I believe so.

MR. JANIS: He testified to that.

BY MR. WOODCOCK:

Q Even the name, [redacted]

A I believe so, by first name. I was supposed to also get a message to him when he landed [redacted] It is so intention, I cannot separate them. I remember we were waiting for [redacted] to arrive --

Q We, being --

A The whole team, Tom Clines, myself, and it is very possible that we got the money to him.

Q Got the money t[redacted]

A It is possible. I am not sure. But I recall that I was on notice about the arrival of [redacted] Did he come from the States? Is he stationed in the U.S. [redacted]

Q Yes, he is.

A Then he was supposed to come to Europe, and I believe he came to Europe. He came [redacted]

Q And your recollection is that Tom Clines was present, and you were present?

A Tom came to my apartment, took a shower, got his instructions, and I leased a plane for him, and he immediately went to [redacted] He was already there. He was stationed there to supervise the work of these people because Richard said that he would not rely on them.

Q And this is all part of the May, 1986 operation?

A To the best of my recollection.

Q You think also the $5,000 payment was connected with the May, 1986 operation?

A I cannot be sure about that.

Q Did you have any contact or association with the DEA effort to use the services of a person who passed himself off as a Saudi Prince?

A Yes, Masoudi.

Q Masoudi?

A Yes.

Q What do you recall about that?

A I acted as Richard Secord's interpreter and met this guy in Hotel DeBergues in Geneva.

Q Do you recall when that was?

A I believe, if we go to that famous ledger, there is a payment to this man that should identify the time.

Q And to the best of your recollection, that reference on the ledger would fix the approximate time?

A Probably a week before that.

Q Did you have an understanding from General Secord as to why it was that he was meeting with Masoudi?

A I knew very well why he was meeting with him; because he claimed that he was in a position of making a huge contribution through sales of gold for the benefit of the contras. It was one of those too-good-to-be-true cases, another Marostica.

Q When you met with him, did you have any understanding, in addition to your understanding with respect to the contras, that Masoudi might provide assistance in the gaining of release of any American hostages in Lebanon?

A I don't recall that subject coming up. I don't recall that. Richard wanted me to basically assess the guy, not only interpret -- he said there was something fully going on between this guy and someone who was his case officer, and the government employee being this case officer, and he wanted me to come and check to see what was my assessment of the guy.

Q Was this the only time you met Masoudi?

A Yes, to the best of my recollection, it was the only time.

Q I gather your assessment of him was unfavorable?

A That is correct.

Q You passed that on to General Secord?

A That is true.

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Q Were you or General Secord or anyone else present?

A No.

Q Did you ever meet Richard Miller in connection with Masoudi?

A I don't know that I know Richard Miller.

Q You don't know that you have ever met Richard Miller, is that correct?

A I don't recall meeting such a person.

Q Mr. Hakim, you know Theodore Shackley, do you not?

A Yes, very well.

Q How is it that you first met Mr. Shackley?

A Mr. Shackley was introduced to me through Tom Clines, and I met Tom Clines through Frank Terpil.

Q Approximately when would that have been?

A My best guess would be '75, '76.

Q Now, after you met Mr. Shackley through Mr. Clines, did you develop any kind of a social relationship with him?

A Let me correct that. Let me correct that. I think it went from Frank Terpil to Wilson -- that is how it worked. Terpil, Wilson, and through Wilson I met both Tom Clines and Ted Shackley.

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Q That would then still have been in the 1975-74 period you just described?

A Yes.

Q Did you subsequently develop an a social relationship with Mr. Shackley?

A No, not social. Business.

Q And I gather, did you at some point develop a social relationship with Mr. Clines? Or was that all business?

A I normally don't have time for social relations, I would have to miss work, but it all depends on what you mean by social. Like have I attended parties or gone dancing or chase girls? You know, we have drinks now and then over business.

Q Did Mr. Shackley ever discuss with you the possibility of your providing any assistance while you were in Iran , to the CIA?

A When I met him?

Q When you first met him?

A When I first met him. That was the reason for our meeting.

Q And this was the meeting that was made possible by Mr. Wilson, is that correct?

A Yes.

Q And the purpose of the meeting was to see whether you had any interest in providing assistance to the CIA, is that correct?

A No, for him to see if I could be of assistance to CIA. He wanted sort of to size me up.

Q What position did you take with respect to this?

A Favorable.

Q Do you recall whether he made any references to introducing you to any particular persons so that you might be of assistance to the CIA? This is in Iran, but not necessarily Iranians.

A No, what I was told later on by Mr. Wilson, and it is a very faint recollection, that someone would come and meet me, someone from the States would come and meet me.

Q While you were in Iran?

A Yes, but that never happened.

Q Did you know who it was, who would come to meet you?

A No.

Q During this period of time did you meet Mr. Cave?

A No.

Q When was the first time you met Mr. Cave?

A Related to the Iranian initiative.

Q That would have been then in 1986, is that right?

A Yes.

Q Was that the first that you knew of Mr. Cave?

A Yes.

Q What did you understand other than his role as introducing you to Mr. Shackley, was Mr. Wilson's role in this effort to see where you would assist the CIA?

A I am afraid I did not get the question.

Q Mr. Wilson made it possible for you to be introduced to Mr. Shackley, is that right?

A Yes.

Q In fact, he performed the introduction, is that right?

A Yes.

Q In addition to having introduced you to Mr. Shackley, do you have any understanding that Mr. Wilson had any other role in seeking your assistance for the CIA?

A Yes. He wanted to benefit from the deals that I would ~~condlue~~ conclude in Iran as a result of the support, possible support that I would get from the CIA.

Q Would you explain that for me, please?

How is it that Mr. Wilson would have something to benefit from? What was going to be generated that would have benefit to them?

A Let me give you an example that may set up a situation for you. There was a company based here in Washington called ITP -- International -- I can't remember what the rest of it is. International Technical products, I believe, and this company dealt with the same area that I was interested but I learned that the CIA opened a lot of doors for him. Consequently, he threw me out of a deal that I started. I believe I testified to a transaction when I was giving the names of the companies that I represented in Iran, and the packages that I put together, systems, and so on.

I mentioned bringing, I believe, Texas Instruments, and ITT and a bunch of companies together for a particular radar system. I learned later that [redacted] that I was cut out of the deal and another person replaced me in dealing with ITP company, and consequently, I lost the business. [redacted]

So that was the kind of relation that I was looking for to get security to selling large systems.

MR. LIMAN: The question he wanted to know was suppose that Mr. Wilson had gotten you the security?

THE WITNESS: He would have gotten part of my commission.

MR. LIMAN: He would have gotten a piece of it. Okay.

BY MR. WOODCOCK:

Q I gather the support you are talking about is making introductions. Is it more than that?

A I don't know how the CIA operates but they leave their fingerprints here and there.

Q Did you understand that it might involve introducing you to the right people and the right circumstances or

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what did you understand the support to be?

A Somehow they leave a trace with the Iranian Governments that we like you to work with Albert, for instance, and the Iranians adhere to that.

Q Do you recall who it was, this person with ITP who cut you out of this bid effort?

A Yes.

Q Who was that?

A Mahvi, a very well known person if you look into the files.

Q I gather that -- do you recall where it was that you met with Mr. Shackley?

A In a restaurant. He bought me lunch.

Q Do you know where that was?

A In Washington, but I don't know where.

Q You have since done business with Mr. Shackley, is that right?

A For a short period of time when I was pursuing the same objective of seeing what is happening in Iran, I bought the services of Mr. Shackley's organization as consultant and they do analysis, you know, and I believe for a year or so, I retained him to assist me to see what I could do with the son of the late Shah.

Q Was that your only business relationship with Shackley?

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A Yes, to the best of my recollection.

Q Did you discuss business with Mr. Shackley on this contract that you actually retained him on?

A It is possible, but we never got to do anything together.

Q Have you maintained contact with Shackley since meeting him in '76 and beyond this commercial relationship you just discussed?

A Not really, no. I might have called and said hello to him on the phone.

Q When you were in the midst of the Iranian initiative did you ever have a consultation with Mr. Shackley?

A No.

Q The Tower report has Mr. Shackley meeting with Mr. Ghorbanifar in November of 1984 and making his own assessment of Mr. Ghorbanifar. Have you ever talked to Mr. Shackley about meeting with Mr. Ghorbanifar?

A No.

Q Let me just take a moment, Mr. Hakim, I think we are reaching the end of the trail.

Mr. Hakim, I gather from your testimony that Mr. Shackley never did become specific with you with respect to who it was he might be able to help you out with, correct?

A That is very correct.

Q I gather that you, from your testimony, earlier

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today have never meet Eric Von Marbød?

A That is correct.

Q Mr. Hakim, I don't have any more questions for you at this time.

BY MR. LIMAN:

Q Mr. Hakim, let me ust ask a question. Do you recall an occasion when you asked Shirley Napier to cash two checkøs for you in an amount of --

MR. NIELDS: Total of about $9,000.

BY MR. LIMAN:

Q Forty-five hundred dollars each.

A No, it is more than that.

Q How much did you ask here to cash?

A I believe if --

Q Six thousand dollars each?

A No. The total probably should have been $12,000 -- $15,000.

Q And the purpose of having her cash the amounts in two different banks was so that it would not be reported?

A I didn't want to fill in any forms.

Q Was this money then being given to Mr. Quintero or others in connections with the contra operation?

A That is correct. On very short notice I was asked to make cash available and that was the only scurce.

Q And the reason for going to two banks was so that

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there would not be a reporting?

A Exactly.

MR. JANIS: Why was it you didn't make a reporting?

THE WITNESS: It was a covert activity. I didn't think I wanted to get involved with any questions asked.

BY MR. LIMAN:

Q We had one last question.

MR. NIELDS: I have a couple of questions.

THE WITNESS: Sir.

BY MR. NIELDS:

Q I want to ask you just a couple of questions, Mr. Hakim, on this six and a half million dollars which remains in the custody of CSP on your behalf.

A Yes sir.

Q As you probably recall, the total amount of money in that went into the cap accounts is something over $9 millio and I just would like to get some answers on the record that gives us a better understanding of where the $6.5 million comes from. In other words, which cap accounts it relates to.

I take it that the $6.5 million does not include any money in the CTP cap account?

Q That is a reasonable assumption, yes.

MR. JANIS: Can we go off the record just asecond?

MR. NIELDS: Yes.

(Discussion off the record)

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MR. NIELDS: Let's leave it that way.

MR. LIMAN: We have just one more -- maybe five minutes more. We want to let our reporters out and we have to get the transcript typed.

The subpoena that has been issued by the House and the subpoena that is being issued by the Senate --

MR. JANIS: This is for public testimony?

MR. LIMAN: For public testimony continue in effect. The expected date of his testimony is Wednesday sometime.

We understand that you, Mr. Janis, have a child's graduation Thursday morning and we will not take his testimony on Thursday morning, but it will continue on Thursday afternoon and we also understand that because of court engagements the following week, that his testimony must be completed on Monday of the following week. That is my understanding.

THE WITNESS: What happened to Friday?

MR. JANIS: Friday we are going.

MR. LIMAN: Friday we will have testimony. I also understand that he will be available for further deposition or testimony after his public appearance?

MR. JANIS: You are under subpoena and I suppose although it is unlikely if he needed, you needed him Tuesday afternoon, he is required to be available?

MR. LIMAN: That is right. Unless Eliott Abrams breaks a leg between now and then, it is not going to be possible.

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EXAMINATION ON BEHALF OF THE ~~SEANTE~~ SENATE SELECT COMMITTEE

BY MR. HOLMES:

Q Direct~~ly~~ing your attention to April 1980, Mr. Hakim, you spoke to us earlier in your testimony aobut having told the FBI about some people who were in the United States from Iran trying to buy arms. Do you recall that testimony?

A Yes.

Q This is a long time ago?

A Yes.

Q What were those people doing and what did you tell the FBI about it?

A That those people had approached me to see if I could help them to buy anything from the shopping list that they had. I immediately informed the FBI, told them where they were staying, and if they wanted to trace them.

Q They had a shopping list?

A Yes.

Q And it consisted of what?

A Weapons.

Q High-tech missiles generally?

A I don't know; I don't remember.

Q Spare parts?

A One item I remember was a reconnaissance camera. As a matter of fact, on the way to bringing them to Washington to meet with General Secord, I don't remember whether they

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met with General Secord, I believe he had just finished with the government, or was in the process, but I had told these people that the best way of achieving their objectives would be to have a relationship with the United States, and they agreed to come to Washington.

On the way to Washington, we stopped in Chicago, met with Chicago Aerial Industries, the manufacturers of reconnaissance cameras that I represented in the past in Iran.

Q That would include Motorola, for instance?

A Pardon?

Q Would that include Motorola?

A No, Chicago Aerial Industries, that is the name of the company.

Q I thought you were talking genrally.

MR. JANIS: I think he used the word "aerial," and not area; is that correct?

THE WITNESS: That is correct.

BY MR. HOLMES:

Q Go ahead -- and made a short stop?

A We looked at -- I was trying to whet their appetite. Then I brought them to Washington, arranged for a meeting with General Secord.

Q Was anybody else present at the meeting?

A No, just us. And those people took a position that they want only arms.

Mr. Haig had contacted them already. They had refused him. Therefore, I should forget about having any relationship. If I cannot arrange for them to buy arms, that is it. For get it. That was the end of that episode.

[redacted]

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BY MR. HOLMES:

Q You referred a little bit to [redacted] My questions in that regard right now relate to discussions of -- between [redacted] and General Secord about the purchase from Secord of some arms. I will just hand you this Exhibit Number 29.

(The following document was marked as Hakim Exhibit No. 29 for identification.)

COMMITTEE INSERT

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BY MR. HOLMES:

Q I will ask you if it refreshes your recollection. And while you are reading that, I will mark Exhibit 30.

(The following document was marked as Hakim Exhibit No. 30 for identification.)

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BY MR. HOLMES:

Q Let me ask you this question. During --

A May I please --

MR. JANIS: Why don't you wait for his question.

THE WITNESS: I want to say this is not arms, that is all.

BY MR. HOLMES:

Q I will get to what it is. During the month of July, 1986, were you aware of any negotiations for the purchase or sale of anything between [redacted] and any customer of theirs that involved you or General Secord?

A Yes.

Q What was the arrangement that was being discussed?

A I have already testified to this, and the customer [redacted] has also been identified, and the mission also has been identified as being highly classified, and we were suppliers of some of these items listed here [redacted] and the arrangement was that we locate, purchase and get these to [redacted] so [redacted] can get it to their client that had and still has a contract with the U.S. Government.

Q Well, who was the client?

A [redacted]

MR. JANIS: That is your best recollection?

THE WITNESS: To the best of my recollection.

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BY MR. HOLMES:

Q Let me show you what is marked as Exhibit Number 30 and refer you particularly to the items highlighted on the front page. Are those among the items being purchased at that time by Forway through General Secord?

A You are talking about item 24, 25, 27?

Q Right.

A And the question is if these were supplied?

Q No, if they were under discussion as being sought by Forway at that time.

A To the best of my knowledge, yes, but I really don't know because I was away from Washington, and General Secord was handling that. I am aware of one shipment that was made to Forway. I am not aware of --

Q One shipment?

A One shipment of radios, as I earlier testified.

Q That is the transceivers?

A Yes. That is part of this.

Q I will show you what is going to be marked as Exhibit -- are we talking about these $240,000 worth of transceivers?

A That amount rings a bell. There was one shipment of transceivers made.

Q What about these items in Exhibit Number 30? What search was made for these items by General Secord?

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A I don't know.

Q Did you ever discuss this with General Secord or anybody else?

A I didn't have a chance to discuss it. I was busy internationally, and this was being handled in the offices of STTGI here in the U.S.

(Whereupon, at 7:35 p.m., the Select Committee proceeded to other business.)

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(Whereupon, at 7:40 p.m., the Select Committee proceeded, pursuant to other business.)

BY MR. HOLMES:

Q I gather that you have discussed the ownership of Forway with Mr. Zucker, haven't you?

A Yes.

Q And you are aware that he owns equity interest in Forway Industries?

A Yes.

Q Drawing your attention to approximately November of 1986, the first week or so of November, 1986, you were in Geneva at that time?

A I believe so.

Q And this would have been around the time that Mr. Zucker approached you in your hotel and asked you to sign some documents for him?

A I cannot be that precise.

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Q Perhaps we could fix it from the time that Lake Resources was dissolved, about November 7th to November 10th, in that period. I gather that right around that period of time you had become aware of a threat of exposure of the Iranian missile transactions, is that correct?

A I am sorry, I don't understand the point --

MR. LIMAN: There was newspaper publicity about the fact that the U.S. was selling arms to Iran, and you were aware of that? It created an international furor.

THE WITNESS: Okay. So what is the question?

BY MR. HOLMES:

Q I want to know if you discussed with Mr. Zucker the movement of money from CSF to Forway Industries at about that time.

A I am completely confused by this question.

Q You are in Geneva, correct?

A In my mind, you are talking about the Iranian thing being revealed, Lake Resources being dissolved and money going to Forway.

Q You understand completely. You are in Geneva, and it is early November, 1986. The question is, did you discuss with Mr. Zucker his movement of money from CSF to Forway Industries or from any of the Lake accounts to Forway Industries during that period of time?

A I would like to answer -- I cannot answer your question because I don't remember the dates, but I can help you about the movement of money to Forway, which necessarily does not have anything to do with dissolving Lake Resources or the news about the Iranian and so forth.

Q I was trying to set a time period in your mind, because that is when the money moved. Could you tell me what you know about the movement of money?

A That I can answer. There was a time that I showed interest in purchasing one-third ownership in Forway because of the difficulty that existed between Mr. Secord -- sorry -- my apologies -- Mr. Zucker and the founder of Forway, Mr. Farber, they wanted to buy him out, and I showed interest that we would be prepared to replace him.

Q You mean you and Mr. Zucker?

A Me and Mr. Secord.

Q I see, okay. Go ahead.

A So we talked about making an investment in Forway, and as a matter of fact, things -- something comes to mind right now here. The reason that I became interested was because things were -- this happened -- the discussion occurred at the peak of our good relation with the second channel, because now I recall having given to the second channel a whole set of catalogues and information on Forway telling them that once things get going, then we will be able to sell directly from Forway, and that was why I thought it would be interesting to become a part owner in there.

Q You had discussed with the second channel, hadn't you, some barrels and other things that would be manufactured --

A No, we didn't go into any specifics. Barrels had to do --

Q Military type barrels.

A No, the barrels had to do with the nine points that is referred to there. It had nothing to do with this, it was totally understood. We were not specific about any requirement.

Q You were saying --

A So we wanted to -- I had actually asked Mr. Zucker to go ahead and do what was necessary to buy Mr. Farber out. I believe he went ahead and bought Mr. Farber out, and when this was disclosed, he decided not to go through the deal with us.

Q Who did?

A Mr. Zucker decided not to go thrcugh the deal with us. Another movement of money to Forway had to do with --

Q Stop on that first movement first. You say that you had decided to buy Farber out, but then Zucker decided not to go through with it with you?

A No, he agreed, and we agreed on the amount and the price, and what we should do, but when it came to actually implementing it, that is when -- the discussions started at the peak of our good relationship with second channel.

The implementation occurred just before the newspapers released the information. And he abandoned the project. If he made any movements of money, he should have returned it because we do not have ownership. I am saying that if the records would show that money was sent from the enterprise to Forway, that money should also show that it was returned.

Q So it is your understanding that Farber in the end was not bought out?

A He was bought out.

Q How?

A I don't know.

Q It wasn't with your money?

A Let me repeat myself. If it was done with our money, which is a possibility, and if you have anything that can help me to answer your question, I would like to look at it -- but if our money was used for that purpose, because we did not conclude a deal, because the information about the weapons sale to Iran was released, there should be a transaction, a bank transaction showing that the money was returned.

Q It is your understanding you do not have any interest in Forway then?

A Definitely.

Q Likewise Mr. Secord?

A Yes.

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-- Q And likewise Mr. Zucker?

A I should hope so.

MR. JANIS: I don't think you understand the question. Does Mr. Zucker still have an interest in Forway?

THE WITNESS: Mr. Zucker has an interest in Forway.

BY MR. HOLMES:

Q He would have no greater interest than he had before?

A I thought he understands that I don't have an interest in Forway. I took your question to mean that Mr. Zucker understands that I don't have interest in Forway.

Q I would like to know if --

A Mr. Zucker --

Q This discussion ended up with Mr. Zucker owning any more of Forway than he started out owning according to your understanding.

A That I don't know. Since it is possible that he could not use us and he had concluded a deal with Mr. Farber, it is possible that he owns that much more. I don't know what he did.

Q But as far as your money was concerned, it was back out of the deal?

A I am hoping that once we get these documents that we are waiting to see --

Q You were about to tell me about some other money.

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A I have testified to this before, that there was also monies moved for opening a letter of credit for the procurement of these two items, the $200,000 that should have been replaced.

Q And that would have been around July-August of 1986?

A It is a matter of record.

MR. JANIS: For the record, there was a transfer in November of 1986 about which Mr. Hakim has already testified with respect to the line of credit that was supposed to have been opened up. He had testified at some length about that, I think, the first day of the deposition.

MR. LIMAN: He did, but we show that $260,000 was transferred from CSF to Forway on November 12, 1986 and charged to --

THE WITNESS: They could have used it as backup collateral.

MR. LIMAN: Transferred to CSF Investment and on the ledger, it shows Forway is charged to Hyde Park Square, but we do not show a transfer -- it shows a transfer of Forway.

MR. WECHSLER: So it remained in CSF Investment, which is what he said. It was moved for the purpose, but the deal never came about, so the money stayed.

THE WITNESS: They used that --

MR. ZANARDI: What we don't know is whether CSF

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used that for the 260 buyout and didn't give reimbursement to Hyde Park. There was no money coming back to Hyde Park.

THE WITNESS: It never left it. It was used as collateral to open a letter of credit. Actual transfer did not take place. It was a bridging.

MR. WECHSLER: So the money never left the CSF system.

BY MR. HOLMES:

Q Did you discuss with Mr. Zucker a larger amount of money than the $260,000 that we just talked about in the same time period?

A In connection with what?

Q With Forway and the enterprise and CSF.

A That has to do with a letter of credit for a routine business. We talked about the larger sum, and that was for the purchase of equity that Mr. Farber had. I don't recall that amount.

MR. LIMAN: That is the transaction that didn't go through?

BY MR. HOLMES:

Q I am showing a total of $1,023,695.30 in four separate transactions dated 11/10, 11/7, 11/7 and 11/7, 1986.

MR. LIMAN: You are showing those charged to these companies --

MR. HOLMES: Reference Forway, but not necessarily to Forway.

MR. JANIS: You are saying that $1 million was transferred to Forway?

MR. HOLMES: $1 million was transferred referencing Forway -- there must have been some discussion.

MR. LIMAN: I think that is not correct, and I don't want the record to suggest something that is not so. CSF has an account in New York. CSF made transfers, as I understand it, from that total, that amount. We do not know from CSF's records that these were charged to Hakim Enterprises or to other clients, including Mr. Zucker.

The CSF account is what is generally called an omnibus, meaning an account that serves a number of clients, so it seems to me that you ought to put the question whether any of that money, to his knowledge, was money that he, Hakim, was investing in it.

THE WITNESS: The answer to that question is, to the best of my knowledge, no.

BY MR. HOLMES:

Q That is with the exception of the $260,000 --

A That should not even have physically left. It was there, and they told the bank that ""Here is a letter of credit, open it, it is collateral."

Q My original question, and I would like the answer, is, did you discuss with Mr. Zucker transfers of money in these large quantities from CSF to Forway?

A No, to the best of my knowledge, more than what I testified --

MR. JANIS: When you say CSF, are you asking him whether Mr. Zucker ever told him that Mr. Zucker, himself, was transferring his own money?

MR. HOLMES: Mr. Hakim had some interest in Forway in a business sense, because a week before he had been negotiating with Zucker to buy it, and Mr. Zucker might have said "I have other clients, and we are putting this money into Forway."

MR. LIMAN: Did you discuss that with your --

THE WITNESS: No, Mr. Zucker, to the best of my recollection, never discussed with me other clients of his that might be interested to buy stock in Forway.

MR. LIMAN: Okay.

MR. HOLMES: That is all I have.

MR. LIMAN: The deposition is adjourned. We will fix a date for the resumption, and thank you all. It has been a long day, and I particularly thank the court reporters.

MR. JANIS: I want to say, for the record, that it is 8:00 o'clock, this is Mr. Hakim's fifth day, and I believe he has labored hard to try to truthfully answer all your questions.

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(Whereupon, at 8:00 p.m., the Select Committees were adjourned until Tuesday, June 2, 1987.)

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DEPOSITION OF ALBERT HAKIM

Monday, June 1, 1987

House of Representatives,
Select Committee to Investigate
Covert Arms Transactions with
Iran,
Washington, D.C.

The select committee met, pursuant to call, at 3:50 p.m., in Room H-139, The Capitol, John W. Nields, Jr. (Chief Counsel to the House Select Committee) presiding.

Present: On behalf of the House Select Committee: John W. Nields, Jr., Chief Counsel; and George Van Cleve.

On behalf of the Senate Select Committee: Arthur Liman, Chief Counsel; and Louis Zanardi.

On behalf of the Witness: N. Richard Janis, Lawrence H. Wechsler and Clement R. Gagne, III of Janis, Schuelke & Wechsler, 1728 Massachusetts Avenue, Northwest, Washington D.C. 20036.

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Partially Declassified/Released on 4 JAN 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

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MR. NIELDS: On the record.

Whereupon,

ALBERT HAKIM

was called for as a witness and, having been previously duly sworn, was examined and testified further as follows:

MR. NIELDS: Mr. Hakim, this is a continuation of the deposition that began, I guess, a week ago Friday, at which time you were placed under immunity and compelled to answer questions.

In pursuance of this immunity order, pursuant to the subpoena that previously had been served on you, and marked as an Exhibit at this deposition; I believe you have some additional documents to produce?

I would ask that your counsel produce those on your behalf at this time so they can be marked and made part of the record.

THE WITNESS: Very good, sir.

MR. JANIS: Just to make the record clear, there are a number of documents that are being produced by Mr. Hakim today. The first set of documents are documents that were referred to in Mr. Hakim's testimony in Paris on April 20, 1987, and my understanding is we agreed that those documents would be subject to production at a later time following Mr. Hakim's identifying those documents on April 20.

My understanding, Mr. Nields, is that all of the documents being produced here today are being produced pursuant to not only the immunity orders, but the rulings of the chairman with respect to documents that were made on April 20, 1987; is that correct?

. MR. NIELDS: Of course.

. MR. JAMIS: The first thing I think Mr. Liman suggested we have marked as an exhibit is the DHL envelope that was sent to Mr. Nields, in which all of the documents that are being produced pursuant to the subpoena were included.

. This DHL package came from Switzerland. It was sent by Mr. Hakim's Swiss attorney, Mr. Neyoroud, N-e-y-o-r-o-u-d.

. [The following document was marked as Hakim Exhibit A for identification:]

********** COMMITTEE INSERT *********

. MR. JANIS: First, there were a number of envelopes which were marked at the time they were placed under seal with LCA. First is number one, and on the envelope, you can see Mr. Hakim's situation and the date that he placed it under seal with Lousier, I think it is L-o-u-s-i-e-r, court official.

. MR. LIMAN: Why don't you from now on refer to him as the magistrate?

. MR. JANIS: As the magistrate. On December 10th, 1986, and why don't you open that, Mr. Hakim, and produce the documents and try to describe it briefly.

. THE WITNESS: These are expense vouchers and the very top one is the receipt, I believe, a partial receipt for the apartment, furnished apartment that I leased, as I testified [redacted]

. MR. NIELDS: Describe them generically.

. THE WITNESS: They are both expense vouchers, credit card receipts, hotel expenses, food, automobile rental, and that is it.

. MR. VAN CLEVE: Are these all connected to [redacted] [redacted]

. THE WITNESS: No; one has to go through them and sort them out. These are all expense reports and as you can see from the envelope, it is noted expense support. I intended to sort them out, which I never got a chance to do.

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MR. NIELDS: I am going to have these, the envelope together with the documents in the envelope, marked as Exhibit B. I will state for the record that we will promptly Bates stamp every individual document in sight, and let me get this marked.

MR. JANIS: For the record, I don't think Mr. Hakim meant to testify that these expense reports were the totality of the expenses; it is just that these are some expense reports.

[The following document was marked as Hakim Exhibit B for identification:]

********** COMMITTEE INSERT *********

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. MR. JANIS: Next we have an envelope that is marked number 2. It says for either Richard Secord or Albert Hakim, CSF, basement safe. Again, on the outside of that envelope it says, there is a note indicating it was closed 17 February 1986 by Mr. Zucker, then again Mr. Hakim's signature on December 10th, 1986.

. MR. KIELDS: Let's mark the envelope Exhibit C.

. [The following document was marked as Hakim Exhibit C for identification:]

********** COMMITTEE INSERT *********

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. MR. JAMIS: There are some loose paper and there is also another envelope that says for either Richard Secord or Albert Hakim, basement safe, CSF.

. THE WITNESS: They appear to be Richard Secord's expense vouchers. There is also a note on account of Mr. Montero.

. MR. JAMIS: In the envelope?

. THE WITNESS: This envelope goes in that one. I am opening now the inner envelope here.

. MR. NIELDS: Want the inner envelope to be marked Exhibit C-1.

. [The following document was marked as Hakim Exhibit C-1 for identification:]

********** COMMITTEE INSERT *********

MR. MIELDS: Mr. Hakim has removed the contents of the inside envelope, which has been marked Exhibit C-1. Mr. Hakim, would you generically describe the documents that you removed from Exhibit C-1?

THE WITNESS: They are general trip expense vouchers. Again, these belong to Mr. Secord, but I notice here it has in the name of Mr. William Haskell, and some of the vouchers must be mistaken. It says Haskell, but these are all trip expenses.

MR. JANIS: Next Exhibit is Exhibit D.

[The following document was marked as Hakim Exhibit D for identification:]

xxxxxxxxxx COMMITTEE INSERT xxxxxxxxx

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. THE WITNESS: Exhibit D is a photocopy of an envelope, cover of an envelope that says Mr. Albert Hakim, monies in various currencies, and dated 28th of February, 1986. There is some notation in French, this is Phillippe, M-a-y-o-r-o-u-d, P-h-i-l-l-i-p-p-e.

. These are currencies, that refers to various currencies, are currencies personally that belongs to me from various countries, maybe 10, 15 different currencies, it is a guess, I don't believe the totality would be more than a couple thousand dollars.

. MR. JANIS: Those funds are being retained by Mr. Mayoroud. Envelope number four.

. MR. FIELDS: Let's mark this as Exhibit E.

. [The following document was marked as Hakim Exhibit E for identification:]

********** COMMITTEE INSERT *********

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EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

. BY MR. NIELDS:

. Q Exhibit D, I take it, is a photocopy of an envelope which Mr. Mayoroud has kept the original of it in his custody?

. A That is correct.

. Q And the original of the envelope contains some currency in it, and Mr. Mayoroud has also retained the currency?

. A Yes.

. Q You think that the currency is no more than a couple thousand dollars?

. A That is correct, and there are different currencies, four or five, maybe up to 10 different currencies, more like 15.

. Now, Exhibit E says held for Albert Hakim, re AC-1.

. Q Mr. Hakim has just removed another envelope from Exhibit E. I would like to have it marked Exhibit E-1.

. [The following document was marked as Hakim Exhibit E-1 for identification:]

********** COMMITTEE INSERT *********

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MR. JANIS: That envelope has Mr. Hakim's signature on December 10th, 1986.

THE WITNESS: I believe AC-1 doesn't stand for account one, and probably refers to shipment one. AC stands for Adolpho Calero. That is what I think it is. This inner envelope, Exhibit E-1, says what is inside of it has my handwriting. It says, inside, AC-1 document BAC promotional documents, and I do not understand why promotional documents at this time. There are other notes to me written by me.

BY MR. FIELDS:

Q You don't need to read them unless they are of particular significance, they speak for themselves.

A Opening this now, these are documents that were given to me, to the best of my recollection, by General Secord to keep them in Switzerland, and they refer to procurement of arms.

Q The contents of Exhibit E-1 consists of four separate documents, and I would ask the reporter to mark them as Exhibit E-2, E-3, E-4 and E-5.

[The following documents were marked as Hakim Exhibits E-2, E-3, E-4 and E-5 for identification:]

********** COMMITTEE INSERT *********

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. BY MR. NIELDS:

. Q All right, Mr. Hakim, putting in front of you Exhibit E-2, what is that?

. A It appears to be a list of various kinds of--

. Q A list of arms, isn't it, and prices for the arms?

. A Yes, I don't know whether it is an invoice or it is--it says total purchase, dated January 11, 1985. It is actually Richard Secord's documents.

. MR. LIMAN: Are these in his handwriting?

. MR. NIELDS: There is no handwriting, it is typed.

. BY MR. NIELDS:

. Q I am putting in front of you E-3. Is that in Mr. Secord's handwriting?

. A It is very close to it. This first page is very close to Richard's handwriting. I cannot be sure. The second page also appears to be Mr. Secord's handwriting. Again, I cannot be sure.

. The following pages are typed invoices from Defex Portugal, and also a document from Royal Bank of Canada, actually two documents from Royal Bank of Canada, a document from Transport Arms, Inc.

. Q You don't have to describe each one, Mr. Hakim, they speak for themselves, I think.

. A Also Southern Air.

. Q Exhibit E-4 and E-5, I simply want to ask you if you

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know, do they have Mr. Secord's handwriting on them?

. A I cannot be sure.

. Q Let's move on to the next.

. MR. JANIS: Next is envelope number five, which is also sealed by Mr. Hakim on December 10th, 1986.

. MR. NIELDS: I would like those to be marked Exhibit F.

. [The following document was marked as Hakim Exhibit F for identification:]

********** COMMITTEE INSERT *********

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. THE WITNESS: This has two notes on it, one in English, one in Farsi. The note in Farsi says WIZ, for Mr. Zucker, for audit and filing.

. MR. JANIS: That is in English?

. THE WITNESS: Yes, and the Farsi note, I translated that, apparently a note written by me to me, says this envelope we put in another envelope and sent for Mr. Zucker or to be sent for Mr. Zucker.

. MR. KIELDS: I have just emptied the contents of Exhibit F. Let's mark these two pieces of paper that I have removed from Exhibit F as Exhibit F-1 and F-2.

. [The following documents were marked as Hakim Exhibits F-1 and F-2 for identification:]

********** COMMITTEE INSERT *********

BY MR. NIELDS:

Q Mr. Hakim, I am putting in front of you exhibits marked F-1 and F-2. Could you tell us what those are?

A Exhibit F-1 is a photocopy of a Deutsche Bank, D-e-u-t-s-c-h-e Bank, and this is the check for the amount of $3,600,000 that has my--

MR. LIMAN: Deutsche Marks?

THE WITNESS: Dollars. It has my handwriting on it. This is a check that I testified earlier was prepared by the Iranians and I filled it in, has the gentleman's signature, but my handwriting is in there, dated October 10th, 1986.

BY MR. NIELDS:

Q Whose signature is it?

A Mr. Engine.

Q And Exhibit F-2, is that a receipt?

A This is the receipt for the very same check from the bank.

Q That was given to Mr. Engine?

A Mr. Engine gave it to me. Mr. Engine gave me the check that is a photostat, the check that I deposited with the bank and got a receipt.

Q You got a receipt from the bank?

A That is right.

MR. JANIS: Also for the record, there were other documents.

THE WITNESS: They were expense trip, expenses related to channel two.

BY MR. NIELDS:

Q Let's make clear what you have just said is that inside Exhibit F there were many documents in addition to Exhibit F-1 and F-2, the ones in addition to F-1 and F-2 are various expense items.

A It appears to be.

Q Related to a trip in October of 1986, relating to the second channel.

A It appears--I didn't go through each sheet.

Q Okay.

MR. JANIS: Envelope number six has written on it, For RVS, date of 10 November 1986, sealed. On the back, there is a signature, there is the initials RVS, and then there is also Mr. Hakim's signature, dated December 10th, 1986.

MR. NIELDS: We will mark the outside envelope Exhibit G.

[The following document was marked as Hakim Exhibit G for identification:]

********** COMMITTEE INSERT *********

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MR. LIMAN: Does the fact Mr. Secord's signature is on this envelope mean that he was there when these were sealed?

THE WITNESS: May I look at it?

MR. LIMAN: His initial, I should say?

THE WITNESS: No, this means that he has sealed it and had given it probably to Mr. Zucker, and when we requested Mr. Zucker to send all documents kept with him, that is the way it came. At one point, General Secord had left these documents in Geneva.

Further explanation, Mr. Liman, is, it is important to note that when we put these documents under seal, Mr. Secord was not present.

MR. NIELDS: I think I want to mark the contents of Exhibit G separately.

The first document which I have removed from Exhibit G I would like marked Exhibit G-1.

[The following document was marked as Hakim Exhibit G-1 for identification:]

********** COMMITTEE INSERT *********

BY MR. NIELDS:

Q I take it Exhibit G-1 is an English translation of a report on someone from Iran who was the principal on the second channel?

A It is from number one, as we have referred to him in previous testimonies. To me, and I took the important parts of that report, translated that in English and passed it on with the original Farsi to General Secord.

MR. VAN CLEVE: Mr. Hakim--

THE WITNESS: It relates to the important person that you refer to. Also, it contains certain analysis.

MR. VAN CLEVE: If you could tell us, please, whose handwriting is this on the back of the document, if you know?

THE WITNESS: It appears to be General Secord's handwriting in back of two of the three pages of Exhibit G-1.

BY MR. NIELDS:

Q Rather than separately marking each one of those documents, I am simply going to show you--I am going to state for the record that the envelope also contains a four-page, typewritten document which says at the top, instructions to Copp for meeting with Mayoroud, it is in a transparent envelope.

And also in the envelope is a single white piece of paper, which is torn, half torn, and I will ask Mr. Hakim whether that half-torn piece of paper doesn't contain handwriting by Mr. Secord?

. A I believe so.

. Q The envelope also contains three copies of a passport with a picture of General Secord and the name of Richard J. Adams. It also contains eight white sheets of paper with handwritten notes on them, and I will ask Mr. Hakim whether those aren't notes in the handwriting of Mr. Secord?

. A They appear to be General Secord's handwriting, and these are notes of various meetings we had with the second channel.

. Q And the envelope also contains two pieces of paper on the Carlton Hotel, Tel Aviv, stationery, and I will ask Mr. Hakim whether those pieces of paper don't also contain handwritings of Mr. Secord?

. A They do appear to be General Secord's handwriting.

. Q Then I will finally state for the record that the other documents removed from Exhibit G appear to be stationery, envelopes and blank envelopes and blank stationery. Whose flag is on the stationery?

. A This is stationery that General Secord used reflecting his rank, and he used this for, I believe, some gifts that he ~~meant~~ sent to a nephew.

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. Q Okay. Let's move on.

. MR. JANIS: Before we go on, Exhibits A though G represent all of the materials that were placed under seal with the magistrate in Geneva on December 10th, 1986; is that correct?

. THE WITNESS: That is correct.

. MR. JANIS: This is another one.

. MR. NIELDS: I would like this white envelope to be marked Exhibit H.

. [The following document was marked as Hakim Exhibit H for identification:]

********** COMMITTEE INSERT *********

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MR. NIELDS: Mr. Hakim just removed a number of small pieces of paper from Exhibit H.

THE WITNESS: These are various expense vouchers for one of the trips that I made to Frankfurt, and I believe--I am almost certain it has to do with the second channel, when I met with Mr. Engine separately.

MR. NIELDS: Okay.

MR. JANIS: The next documents being produced are documents obtained from CSF at the request of Swiss counsel following on a request made of Mr. Hakim by these committees. I think they are largely self-explanatory. Do you want to mark these separately?

MR. NIELDS: Let me look at them.

MR. JANIS: Mr. Liman reminds me these are produced at the direction of the committees.

MR. NIELDS: All right, I am going to mark the next document produced by Mr. Hakim Exhibit I.

[The following document was marked as Hakim Exhibit I for identification:]

********** COMMITTEE INSERT *********

UNCLASSIFIED

BY MR. MIELDS:

Q Mr. Hakim, I am putting in front of you Exhibit I. It is one of these investment management agreements with CSF. This one names you as the client, Albert Hakim, it has no subaccount designation opposite it.

A That is correct.

Q What does this represent?

A If I may examine this, please? I believe this is one of those documents that I signed during the November trip that Mr. Zucker came to my hotel room. It doesn't refer to any amounts, figures, and doesn't say what it is. He simply had me sign this thing.

As I mentioned, he was going to be audited by the Swiss authorities, to be able to relate all of the transactions that were done on my behalf or for me. It is just covering him, to cover CSF.

Q Was this supposed to cover the assets that he was managing for you that were not covered by one of the specific subaccount agreements?

A I don't believe so. I cannot be sure. As I mentioned, it simply is a blanket type, because it had no amount on it.

Q It refers to an appendix A, but there is no appendix A.

A No.

UNCLASSIFIED

. Q Appendix A would normally describe the funds which are covered by the agreement.

. A Exactly. So, I am speculating that if he were to be audited by the Swiss authorities, whatever from this total Iran-contra activity that he could not allocate to any one particular account, he would bring it under this account, and say okay, Albert was my main client, so it relates to him.

. Q Your best understanding, then, was that this document was intended by Mr. Zucker to cover assets that he was managing that were not covered by any other particular agreement?

. A That is my guess.

. MR. KIELDS: Okay, I would like the next document to be marked Exhibit J.

. [The following document was marked as Hakim Exhibit J for identification:]

xxxxxxxxxx COMMITTEE INSERT xxxxxxxxx

UNCLASSIFIED

BY MR. NIELDS:

Q Mr. Hakim, I am putting in front of you a document marked Exhibit J. I will state for the record, it appears to be a copy of an investment management agreement that you produced to these committees at your deposition yesterday.

A With one exception, as I testified yesterday, that it should not have had RVS as the beneficiary. I see here the corrected copy that RVS/AH is written off, and next to it it says AH/Subaccount 1.

MR. NIELDS: I would like this marked Exhibit K.

[The following document was marked as Hakim Exhibit K for identification:]

*********** COMMITTEE INSERT **********

UNCLASSIFIED

. BY MR. NIELDS:

. Q Mr. Hakim, I am putting in front of you a document which has been marked Exhibit K. I believe that is also a copy of an investment management agreement that you produced to the committees yesterday?

. A That is correct, that is for Subaccount 2.

. MR. NIELDS: Now, I would like the next document to be marked Exhibit L.

. [The following document was marked as Hakim Exhibit L for identification:]

xxxxxxxxxx COMMITTEE INSERT xxxxxxxxx

. BY MR. NIELDS:

. Q Mr. Hakim, I am putting in front of you a document marked Exhibit L. I believe this is also a copy of a document that you produced to the committees yesterday. However, I believe it has some additional writing on it I want to ask you about.

. A This is Subcontract 3. The additional writing appears to be Mr. Zucker's handwriting, but I cannot be certain. It says re legal fees.

. Q What does that mean?

. A I don't know. I can speculate to say that this set-aside was meant to be for legal fees.

EXAMINATION ON BEHALF OF THE SENATE SELECT COMMITTEE

. BY MR. LIMAN:

. Q Was that put there in order to cover up the real purpose of the account?

. A It could be. I cannot be sure. I cannot recall how this came about, but we did have also concern about the Florida case.

. Q All right, finish your answer.

. A I don't know when this handwritten note was written on this.

. Q If you look at the date that you signed this, it is May 1986, is it not, or June 1986?

. A Yes, but--

. Q At that time, is it not correct that the enterprise had substantial cash to pay legal fees?

. A That is correct.

. Q So, you did not have to set aside a separate account for legal fees?

. A That is a correct line of logic.

. Q That is why I asked you the question as to whether this notation was put on the account paper, to disguise its purpose.

. A I said yes, Mr. Liman, but again, on the other hand, it doesn't make sense, because once it says Albert Hakim as beneficiary, that is enough of a cover-up, so I really don't know. The intention must have been, I cannot recall why we did that, and he did it on his own. I have absolutely no idea.

. MR. NIELDS: Is this document dated about the time it was actually signed?

. THE WITNESS: I believe we went over this yesterday. We reconstructed all these dates. They are part of my testimony of yesterday. Do you want us to go through the reconstruction of the dates?

. BY MR. LIMAN:

. Q I think you indicated you thought these documents were signed at or about the time those dates appear?

. A Yes.

UNCLASSIFIED

. Q I note that the other documents that were signed in November seemed to have no date on them.

. MR. JANIS: As I recall the original Mr. Hakim produced, I think he produced the original of this document with a red stamp on it with the date, isn't that right?

. MR. LIMAN: Yes.

. MR. NIELDS: His testimony yesterday was that date stamp was accurate.

. THE WITNESS: In the context of the testimony, we built up to it.

. MR. NIELDS: I understand.

. I would like to mark this as Exhibit M.

. [The following document was marked as Hakim Exhibit M for identification:]

********** COMMITTEE INSERT *********

UNCLASSIFIED

EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

. BY MR. NIELDS:

. Q I am putting in front of you a document which has been marked Exhibit M, and I take it that is the investment management agreement for Korel Assets?

. A Yes, it appears, it has that Korel Assets name on this investment management agreement.

. Q Who signed it?

. A Well, I see two signatures here. One appears to be, the signature in front of the notation, signature of the client, appears to be Mr. Farina. I cannot be sure. And for the signature of CSF Investment, it is Evelyn.

. MR. LIMAN: We identified her yesterday.

. THE WITNESS: Yes.

. BY MR. NIELDS:

. Q I was interested in the signature of the client. I take it that, as you have testified before, in the case of Korel, the real client was Mr. Secord?

. A If you go back to the very early stage of my deposition, I said I had this company for a totally different purpose, that was sitting there for my use not related to the Iran-contra projects, that I used it to compile the commissions that were set aside for General Secord.

. Q I take it this investment management agreement was written for the purpose of having CSF invest Mr. Secord's money, which had been put in Korel?

. A That is correct.

. Q I take it it was signed by Mr. Farina because he didn't want Mr. Secord's signature to be on these Swiss documents?

. A It was never addressed. This issue was never brought up to my attention. I find it unusual for Mr. Farina to sign this, and this is the first time I have seen this document.

. MR. LIMAN: May I see it for a moment?

. MR. VAN CLEVE: You told us that ~~that~~ Koral Assets was a company of yours, isn't that right?

. THE WITNESS: That is what I testified.

. MR. VAN CLEVE: Did you instruct Mr. Farina to execute this document?

. THE WITNESS: No.

. MR. VAN CLEVE: Thank you.

. THE WITNESS: As far as I remember.

. MR. LIMAN: Do you know whether there is a power of attorney that runs from Mr. Farina either to you or to General Secord?

. THE WITNESS: I cannot answer for General Secord, and I don't recall having ever given any power of attorney to Mr. Farina.

UNCLASSIFIED

. MR. JANIS: Can we go off the record?

. MR. KIELDS: Off the record.

. [Discussion off the record.]

. MR. KIELDS: Back on the record.

. I would like the next document marked Exhibit N.

. [The following document was marked as Hakim Exhibit N for identification:]

********** COMMITTEE INSERT *********

UNCLASSIFIED

BY MR. NIELDS:

Q Exhibit N is an investment management agreement. The client is identified as ''B. Button.'' I take it this is the Button account that you have testified about earlier in your deposition?

A That is correct.

Q And the B stands for Belly, presumably?

A Yes.

Q The document does not appear to be signed by a client.

A That is correct.

Q What is the reason for that?

A I can speculate again, Mr. Nields, that we never got around to finding a solution for this account, so we did not know. I continuously testified that I had all the intention of getting things organized, and there you can see evidence of that in various places, but I suppose we could not complete this because we couldn't find a solution.

Q A solution meaning you couldn't find an appropriate person to sign?

A I don't believe that would have been the problem of getting somebody to sign.

MR. LIMAN: Farina was always around?

THE WITNESS: Exactly. I was going to mention that, that is not a problem. The problem, the guts of the matter was how to put the money to use. That was our problem, and we could not find a solution, so this thing was not executed completely.

. MR. LIMAN: When you say put it to use, you mean pass the money to the intended beneficiary?

. THE WITNESS: Or start passing it?

. MR. LIMAN: John, the record should show that unlike those documents which were signed in November, this document does have a date stamped of May 22, 1986 on it.

. MR. NIELDS: I should say for the record that the stamp is not red, it is black, indicating that it is a Xerox copy. Where is the original?

. MR. LIMAN: I have no idea. I did not even know that such a document was created. Mr. Nields, do bear in mind that Miss Evelyn does not live in Geneva, and it is very possible that Mr. Zucker had her sign that while she was there, and having it ready if we found a way to use it.

. That is another speculation. She lives in Bermuda?

. THE WITNESS: That is correct.

. MR. NIELDS: Let's mark this Exhibit O.

. [The following document was marked as Hakim Exhibit O for identification:]

xxxxxxxxxx COMMITTEE INSERT xxxxxxxxx

BY MR. MIELDS:

Q Exhibit O is an investment management agreement for Citag. Is that also signed by Mr. Farina as the client?

A It appears--it is the first time I have seen it. This is the first time I see this document, Mr. Mields. It doesn't have--it should technically have my signature. I don't understand why this was not given to me among the documents that I signed without even looking at them during the visit of Mr. Zucker to my hotel.

By the way, I should state that there is no appendix to this, either, no amount.

MR. JANIS: Can we go off the record?

[Discussion off the record.]

BY MR. MIELDS:

Q Mr. Hakim, your lawyer has just handed us a stack of updated computer print-outs relating to the account in the name of Albert Hakim, Albert Hakim Subaccount 1, Albert Hakim Subaccount 2, Albert Hakim Subaccount 3, Citag Trading, Inc., Korel Assets, and B. Button--and I take it to the best of your knowledge, these are in fact updated computer print-outs from CSF relating to the capital accounts designated on the documents?

A That is my assumption.

Q I would like to put them all in in a single envelope, and I would like to mark the envelope as Exhibit

UNCLASSIFIED

P.

. [The following document was marked as Hakim Exhibit P for identification:]

********** COMMITTEE INSERT *********

UNCLASSIFIED

EXAMINATION ON BEHALF OF THE SENATE SELECT COMMITTEE

BY MR. LIMAN:

Q Mr. Hakim, did the enterprise ever purchase a Falcon aircraft?

A Not that I know of. I can't recall such a thing.

Q It would be an expensive purchase like a Lear jet bought through this Republic Bank?

A I believe I can help you with that, since you said it is a Lear Jet Falcon. No, the answer to your question is, as far as I know, we did not make such a procurement.

Q Fine. Off the record.

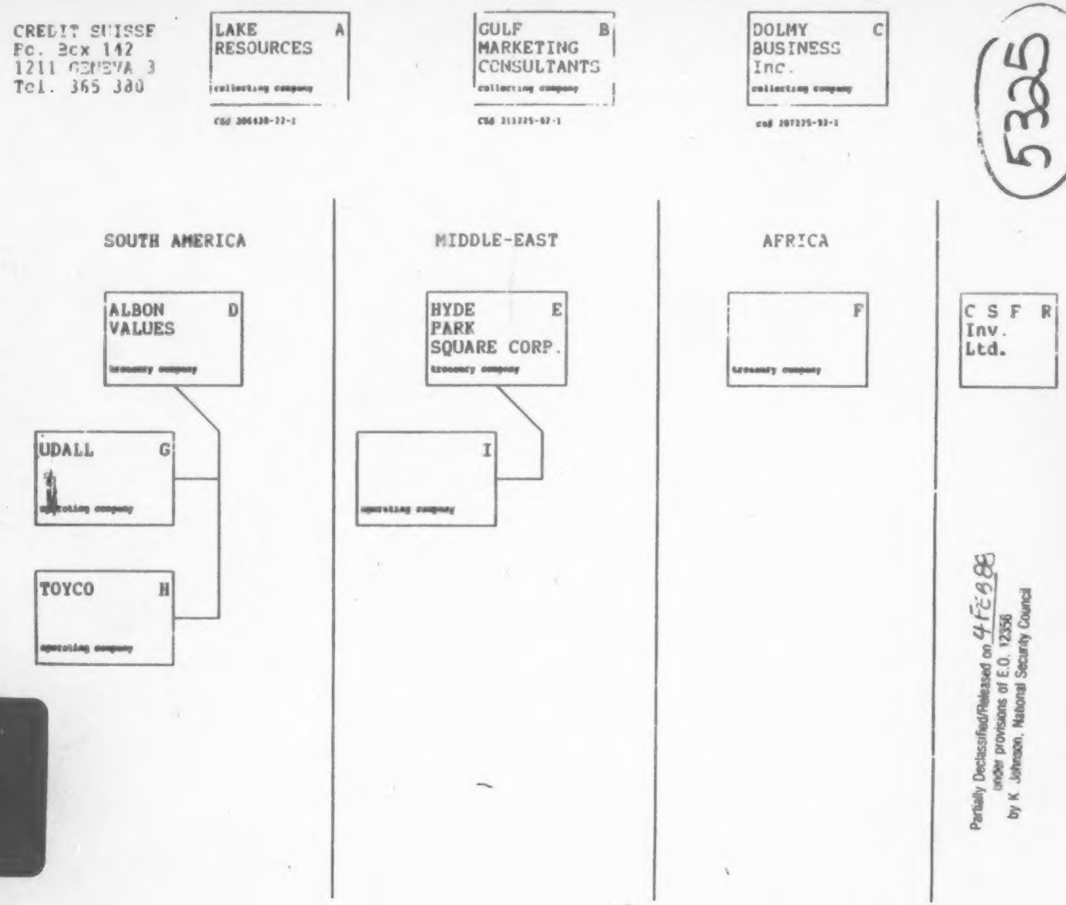
[Discussion off the record.]

[Whereupon, at 5:05 p.m., the taking of the deposition was concluded.]

Exhibit 1
No DATE

UNCLASSIFIED

[redacted]


CREDIT SUISSE
Po. Box 142
1211 GENEVA 3
Tel. 365 380
LAKE RESOURCES A
collecting company
CSG 386430-22-1
GULF MARKETING CONSULTANTS B
collecting company
CSG 311225-02-1
DOLMY BUSINESS Inc. C
collecting company
csG 287225-93-1
SOUTH AMERICA
MIDDLE-EAST
AFRICA
ALBON VALUES D
treasury company
HYDE PARK SQUARE CORP. E
treasury company
F
treasury company
C S F Inv. Ltd. R
UDALL G
operating company
TOYCO H
operating company
I
operating company

5325

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Exhibit 2.
NO DATE

UNCLASSIFIED

H 02603

(5326)

UNCLASSIFIED

Exhibit 3
NO DATE

UNCLASSIFIED

H 02604

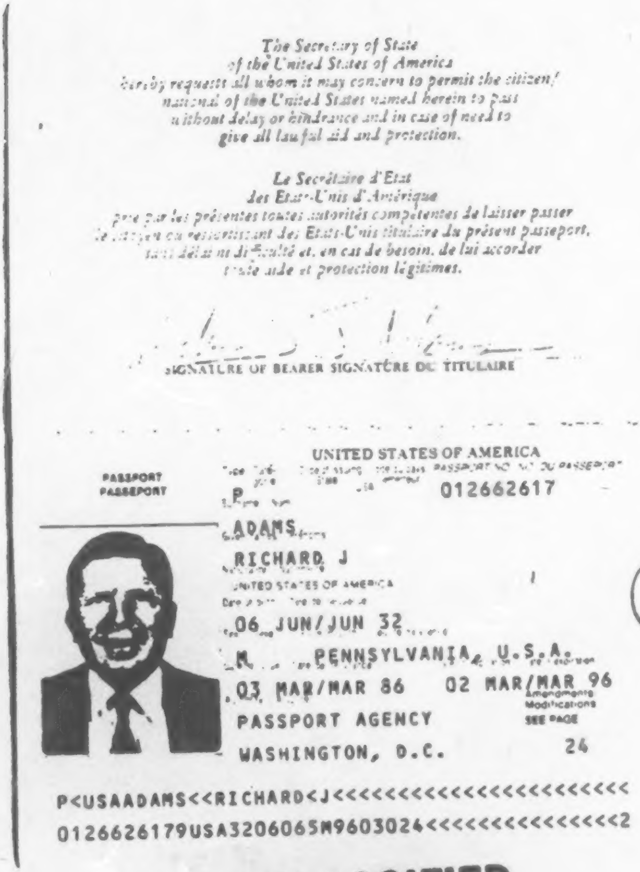
5327

UNCLASSIFIED

Exhibit 4
3MAR86

UNCLASSIFIED

H 02611



The Secretary of State
of the United States of America
hereby requests all whom it may concern to permit the citizen/
national of the United States named herein to pass
without delay or hindrance and in case of need to
give all lawful aid and protection.

Le Secrétaire d'Etat
des Etats-Unis d'Amérique
prie par les présentes toutes autorités compétentes de laisser passer
le citoyen ou ressortissant des Etats-Unis titulaire du présent passeport,
sans délai ni difficulté et, en cas de besoin, de lui accorder
toute aide et protection légitimes.

SIGNATURE OF BEARER SIGNATURE DU TITULAIRE

UNITED STATES OF AMERICA

PASSPORT
PASSEPORT

P
012662617
ADAMS
RICHARD J
UNITED STATES OF AMERICA
06 JUN/JUN 32
M PENNSYLVANIA, U.S.A.
03 MAR/MAR 86 02 MAR/MAR 96
PASSPORT AGENCY
WASHINGTON, D.C.
Amendments
Modifications
SEE PAGE
24

P<USAADAMS<<RICHARD<J<<<<<<<<<<<<<<<<<<<<<<<<
0126626179USA3206065M9603024<<<<<<<<<<<<<<<<2

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[redacted] Declassified/Released on 4 FEB 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

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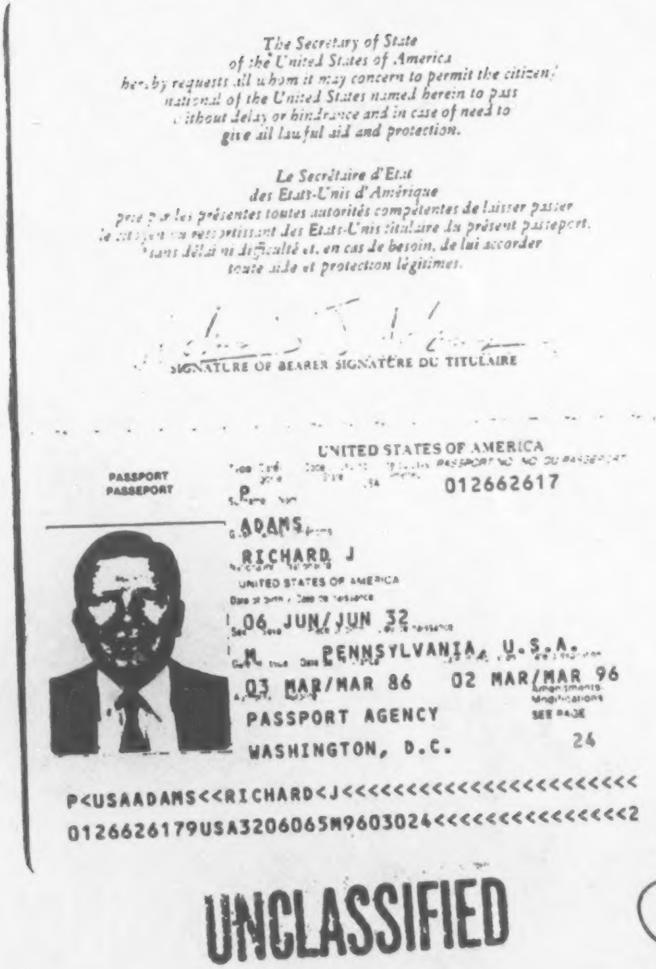
H 02612



The Secretary of State
of the United States of America
hereby requests all whom it may concern to permit the citizen/
national of the United States named herein to pass
without delay or hindrance and in case of need to
give all lawful aid and protection.

Le Secrétaire d'Etat
des Etats-Unis d'Amérique
prie par les présentes toutes autorités compétentes de laisser passer
le citoyen ou ressortissant des Etats-Unis titulaire du présent passeport,
sans délai ni difficulté et, en cas de besoin, de lui accorder
toute aide et protection légitimes.

SIGNATURE OF BEARER SIGNATURE DU TITULAIRE

UNITED STATES OF AMERICA

PASSPORT
PASSEPORT

P
012662617

ADAMS

RICHARD J

UNITED STATES OF AMERICA

06 JUN/JUN 32

M PENNSYLVANIA, U.S.A.

03 MAR/MAR 86 02 MAR/MAR 96

Amendments
Modifications
SEE PAGE 24

PASSPORT AGENCY
WASHINGTON, D.C.

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[redacted] Declassified/Released on 4Feb88
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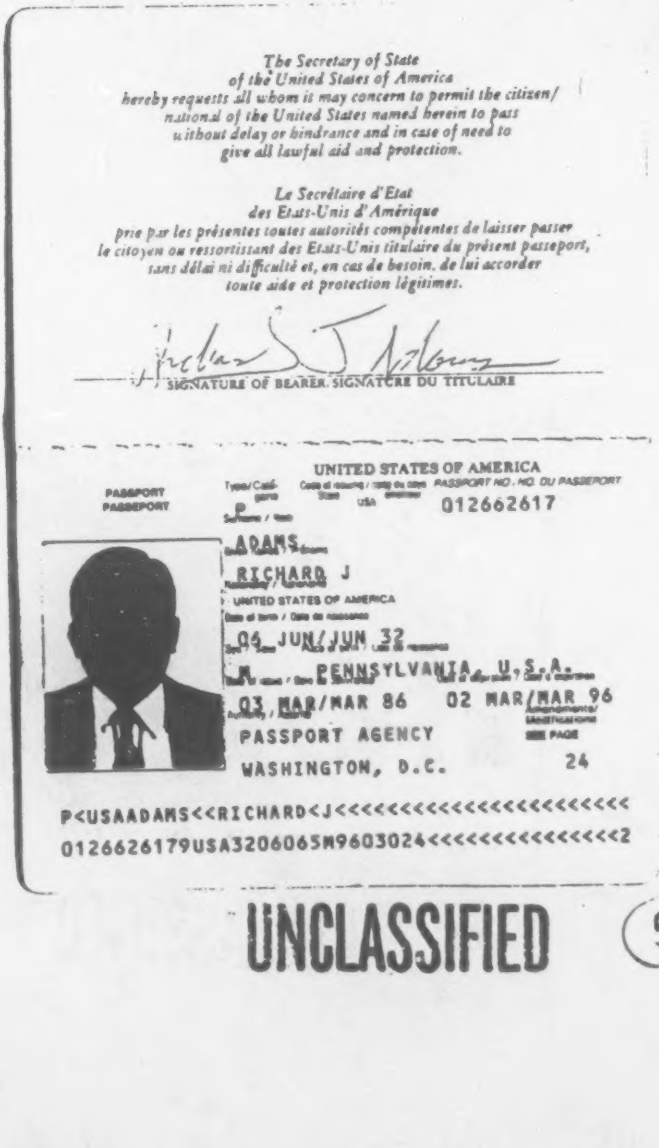

The Secretary of State
of the United States of America
hereby requests all whom it may concern to permit the citizen/
national of the United States named herein to pass
without delay or hindrance and in case of need to
give all lawful aid and protection.

Le Secrétaire d'Etat
des Etats-Unis d'Amérique
prie par les présentes toutes autorités compétentes de laisser passer
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sans délai ni difficulté et, en cas de besoin, de lui accorder
toute aide et protection légitimes.

SIGNATURE OF BEARER, SIGNATURE DU TITULAIRE

UNITED STATES OF AMERICA

PASSPORT
PASSEPORT

Type/Catégorie P

USA

PASSPORT NO. / NO. DU PASSEPORT 012662617

ADAMS

RICHARD J

UNITED STATES OF AMERICA

Date of birth / Date de naissance

04 JUN/JUN 32

M PENNSYLVANIA, U.S.A.

03 MAR/MAR 86 02 MAR/MAR 96

PASSPORT AGENCY

WASHINGTON, D.C.

Amendments/ Modifications
SEE PAGE 24

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UNCLASSIFIED

(5328)

Exhibit 5
4 Oct 86

~~TOP SECRET~~ UNCLASSIFIED SENSITIVE

INSTRUCTIONS TO COPP FOR MEETING WITH NIR

N 9107

Saturday, October 4, 1986
Tel Aviv, Israel

You will have with you a letter from President Reagan to Prime Minister Peres thanking Mr. Nir for his courageous assistance to our mutual cause. You should initiate this discussion by presenting him with a copy of the letter and asking for his advice on delivering the original.

The objective of this discussion is to improve our control of events in this joint effort to establish a strategic relationship with Iran. The talking points below are intended to establish the parameters of your discussion and are designed to elicit further cooperation:

-- ADM Poindexter has directed that I see you regarding our current Ghorbanifar[redacted]channel and discuss with you ways in which we can move together to accomplish our mutual objective -- a strategic relationship with Iran.

-- [redacted]

-- We believe that the first new hostage (Reed) was probably taken by elements other than Hizballah -- although they may have him in their hands now.

-- We think that [redacted] may have believed that he could bring additional pressure to bear on us to commence further deliveries by seizing another hostage (or hostages).

-- Quite the contrary is true. The President is adamant that we will not move forward on this channel until we resolve the new hostage issue.

-- We are also concerned that the two new hostages (or at least Cicippio) represents a clear violation of the "understanding" we have had with the Iranians on anti-U.S. terrorism since June of last year.

-- We do not want to engage in a process that results in new hostages just to bring "pressure to bear." Nor will we continue this process if, when the current hostages are released, more are taken, simply to elicit further deliveries of arms.

~~TOP SECRET~~ UNCLASSIFIED SENSITIVE
Declassify: OADR

[redacted]

UNCLASSIFIED

~~TOP SECRET~~ 2 SENSITIVE

N 9108

-- Aside from this very strong policy objection to continuing, we have, as you know, had repetitive financial and communications difficulties with Ghorbanifar. While we could debate as to whether or not Ghorbanifar had received all that was due him by the Iranians, the most important factor is potential OPSEC risk.

-- In an effort to "keep things moving," Ghorbanifar has made commitments in our name which are patently beyond our ability to meet. This has resulted in increased expectations on the part of the Iranians.

-- We know [redacted] that neither [redacted] nor other Iranian officials in Tehran trust Ghorbanifar. [redacted]

-- Finally, both of us know that [redacted] himself, is not intellectually astute enough to realize the importance of our contact nor the sincerity of our desire to establish an official government-to-government relationship.

-- In short, this channel is not serving our mutual objective: the reopening of a strategic relationship with Iran.

-- The President has directed that we will not proceed with any further receipt of funds from Ghorbanifar nor deliveries to [redacted] until we resolve these issues.

-- Several months ago, I apprised you of a contact with the [redacted] of Rafsanjani. The USG decided to pursue this contact to determine its validity.

-- We are confident that [redacted], the man I met with in Brussels, is indeed Rafsanjani's [redacted] and that he has been franchised to act as a liaison between the U.S. and Iranian governments.

? -- When Prime Minister Peres was in Washington last month, the President assured him that we are going to continue this effort as a joint project.

-- I have been instructed to seek out a second meeting with [redacted] as soon as it can be set up and that I will act as the U.S. intermediary until we establish direct contact with government officials from our side.

~~TOP SECRET~~ UNCLASSIFIED SENSITIVE

-- Once we have established direct USG contact with the [redacted] we intend to introduce you into this process under the same conditions as obtained when you went to Tehran with us.

-- Based on my one initial meeting with [redacted] and the intelligence we have been able to collect, we believe that this contact may well prove to be the one that both your government and mine have been seeking.

(Remember Nir has been told that you "came upon" [redacted] as a consequence of looking into the possible diversion of TOWs through [redacted] during an investigation undertaken in late July/early August.)

-- While we explore the sincerity of [redacted] and confirm his ability to speak for the Iranian government, we want to keep the Ghorbanifar/[redacted] channel on "hold."

-- To that end, we have told Sam -- who is in the hospital -- he is to contact [redacted] and tell him that:

- there must be a meeting with [redacted] before we proceed any further;
- the issue of the two new hostages has become a strong, negative factor in proceeding at all;
- this matter (the two new hostages) must be resolved before we will take any further steps for any further deliveries;
- the problem is not the merchant and his financing, but rather the two new hostages;
- contrary to what he [redacted] may expect, there will be no further deliveries until we have met and resolved this matter;
- we have asked [redacted] to meet with us in Frankfurt on October 9 -- we do not yet have an answer.

-- I intend to meet with [redacted], somewhere in Europe or Turkey, hopefully this week. I will then report back to Washington on my findings and a follow-on meeting will be set-up -- in which we will attempt to have you included.

-- I want to caution you, however, that in my meeting in Brussels [redacted] indicated that he and others in Tehran are aware that you are an Israeli -- and knew it when you went to Tehran.

- -

-- Neither of us want this contact, if it is indeed what I think it to be, to founder because of this.

-- I have been instructed to find a way to have you in the meeting in which Goode and Sam will serve as the USG representatives.

-- If my meeting with [redacted] this week goes well, I would expect that all of us could meet with him next week.

-- In the interim, if [redacted] does indeed agree to meet with us under the conditions we have established, we should proceed with that meeting.

Approved ______________

1

UNCLASSIFIED

Exhibit 6

RESULTS OF TEL AVIV / JERUSALEM MEETINGS - 5 OCT 86

5 Oct 86

H 02618

1. ARR TLV 5/1330L. Met by NIR

2. Meeting at NIR's home 1415-1600 and drove to hotel.
   - -- Presented ltr and went thru talkers
   - -- NIR claimed possible problem w/ltr although he was flattered.
   - -- NIR suggested summary of talks be prepared for forwarding to PM along w/ltr. I prepared the summary
   - -- NIR determined PM not available until 6 Oct in PM. Suggested we see [redacted] [redacted] whom I had met earlier in London.

3. At 2000 NIR & I went to dinner and further reviewed situation. Then drove to Jerusalem to meet [redacted]

4. Met in [redacted] home starting at 2330L for 1 hour.
   - -- [redacted] took all points and read the materials. He said he would brief PM at 0800 just before PM's final cabinet meeting. Thought President's ltr was good. I carefully explained talking pts.

5. Throughout our discussions NIR frequently returned to status of GORBA; his financial plight, etc.
   - -- Inconsistently, NIR said GORBA wanted to finance leasing of 707 for stationing in Israel
   - -- NIR also pushed hard for T72M-1/T74 deal

6. WE CLEARLY HAVE PROBLEM TO CONFRONT RE PROMISE TO NIR AND INCLUSION IN "NEXT" MTG W/[redacted]

UNCLASSIFIED (5330)

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by K. Johnson, National Security Council

NOTES @ 6/23 ~~TOP SECRET~~ UNCLASSIFIED

H 02619

[redacted] – For itself they believed this US group was making valid effort. Spoke of relationships, little too much for depth of relationship, i.e., not a proper foundation. Relationship attempts go well back, i.e., as far back as [redacted] [redacted] This was opening to Western world. [redacted] involved for this time. In [redacted] again such attempt. [redacted] also came into picture. Then [redacted] tried. Result of all these efforts, + G[redacted], plus our gp + [redacted] ample consideration -- all contributed to getting us here today. You must realize that a gov't would create an organization to evaluate all such events (and even events such as [redacted] or others [redacted] In process of selecting best of these overtures/events, Iran came to conclusion that best way is Gov't to Gov't relations (eliminate misunderstandings & personal benefits). To achieve this they had to start somewhere But a USG had to select right contacts.

∴ much in common; but there are differences: some things US reach were not within Iran's reach. They could only show strength in few areas, eg, Lebanon. And they realize the efforts US has to make & they feel they have good understanding of US's problems on this project. To illustrate, they are carefully evaluated verbage of the various problems [redacted] Iran wanted to be sure that relationship would have greater value than merchantism.

[redacted] wants to support [redacted] words. Esp, he came to conclusion that relationship was at the level of merchants. But has now reached stage where change is needed. To make this change of attitude in THR has been *very* hard. And even G proves very valuable as a catalyzer.

ON! I accept this.

[redacted] I have been assigned as extraordinary Rep to deal w/US. We recognize & understand US has sensitive ?'s re value & what is this cooperative org of Iran; they do not wish to hide the anomalies and difficulties internally. However, you should know that senior members of GOI support this cooperation but it must be kept secret until it blossoms. G — trying to [illegible] has made mistakes, eg: effort in bringing delegation to THR at that level -- working in pressure cooker to make [illegible] [illegible]. Should know that [redacted] was on record opposing the high level ~~dipo~~ delegation; personally, they thought they were good hosts in THR, but they were not expert diplomats.

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OV: we perceived insult from fact that delegation did not meet with PM, et al as promised before the visit. I nearly got fired because of my urging that RCM go to THR. After 3rd day RCM very upset. We recognize there are opponents to relationship inside GOI same as there is in USG, even in White House area. MOU in THR was drafted as attempt to move process along and acc to our understanding of GOI desires. Pres's senior advisors, as a result of all this, advised against further efforts [redacted] All this means more & more people increasingly aware of these efforts. ∴ We must get this thing moving sensibly before it leaks.

[redacted] Expressed conviction that phone calls and ptof steps will be set up to handle the problems.

(Then moved colloquy re Iranian [illegible] hospitality)

THEN AGREED TO SET AGENDA

[redacted] WE HAVE WHOLE LIST OF SUBJS (LEB, ARMS [redacted] ETC). Then want to hear our SUBJS.

Albert Their issues are same as ours and in detail.

MEETING ENDED ~ 0100

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II 02621

7/1015 MEETING RECOLLECTIONS

[redacted]

with effort of our two we can quickly resolve issue of hostages; he worries about future of US in LE

N: Seizure of 2 new hostages has been big problem. [redacted]

[redacted]

will return to this issue later. They will solve this problem. If US take care of 1 issue (ISRAEL). Stop fanatical support of ISR, i.e., don't publicize this support.

LE Muslims not only look to own interests but also interests of KU, etc. Lot's of work to avoid being known as US agents. N: GD for SECRECY again. Then expressed super secret matter re role of [redacted] RG support for IRAN.

N. explanation on recent US entry in LE since '82 AND underscored role of IRG & agents in anti US acts and in explosions & hostages. [redacted]

Summation is that influential moslems in LE view SYR same as ISR. Typically, LE natives make lot of noise of threats re killing of hostages.

[redacted]

N: Responded that we cannot solve Dawa prisoner issue but IR can.

[redacted] · Noted that US cannot intervene further w/Kuwait.

N: KU/CA visited me 2 days ago. 17 prisoners are discussed, 21 more held for attacks against GAIR & restaurant. [redacted]

③

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- WE NEED TO GET ~ 150K for NEXT-OF-KIN [redacted]
- will PROBABLY USE FOREIGN LAWYER

H 02622

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N 02623

N: [redacted]

[redacted] IR has explained to SMA that US is trying to help but the IE don't believe US doing all it can but IR believes US is actively helping -- perhaps not with all your juice. But if US increased its efforts w/KU, it would help in IE. His view is that higher people on KU & USG would help -- he will go back & explain this to IE.

N: -- doing all we can

[redacted]

[redacted] OK, IR wants bilateral relations w/all nations except those who have alien ideology. Re Iraq & S. Hussein, the revolutionary people of Iraq are same as Iran's. If US can cooperate, IR will do all in their power to resolve all rpt all outstanding issues. After going thru agenda, we should act as a team & develop some guidance on KU. He then asks for US help [redacted] in a positive way. Last talk by Rafsanjani illustrated that the Iran wants coop [redacted] Kuwait matters stressed over & over -- do not take lightly -- [illegible] party described as real problem & one which has thrown nets of SOU influence. Tell your boss SADDAM must go. We want to [illegible], recognize our appreciation that RCM went to THR ... the transitional intl need for our help in supplying some war materials. People of IR superficially consider US a problem. Then an appeal to him, Nayef [redacted] & Gorbachev. Don't want him to slow but they must be eliminated. Also cannot overstress need to eliminate ISR. cannot even be sure about ISR than other sources but we should try.

-- we should convince [illegible] not to be newspaperman or free he is suddenly having profitable situation. They should keep him in structure & use him.

N: We won't harm him. We helped get him out of Swiss jail. He was involved in big $9m fraud. Isr gov't involved.

[redacted] Re [redacted]: There will be a [illegible] stream of peripheral stories w/ [redacted]

N: We understand but wonder about his competence

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[redacted] next let's talk about various TOW matters, e.g., TOW from [redacted] are in process of changing the contents.

N: Have you ever gotten a TOW from anyone hands on?

[redacted] NEXT NICARAGUA: Absolutely rejects claim that Iran connected w/ shipment of arms to NICARAGUA via KOREA.

N: we'll give you some info

[redacted]

RE T72

N:

[redacted] • Back on T72 .. very sensitive matter & GOI approval in principle obtained. To further relationship Iran prepared to xfer the T72. Vis-a-vis weapons we'll get more details.

• RE SECURE comms .. approval, details to come. Non-Americans [redacted]

• Back of 2 new hostages healthy. Held by new gp.

N: Sought more info as to identity of these new gp.

[redacted] ① Hezbollah ② not w/ Iftikar gp ③ not known gp.

N: is it possible new gp is Iranian design? ANS: NO, because it has already damaged OUR RE security plans. N: Don't agree

Don't agree.

SNAKES

[redacted]

N: need to advance press on where are gp with Iran .. need to know for ICELAND Mtg w/ SOVS

-- All things you have asked are possible, [redacted] [redacted] Everything conditional by Washington's stance after we report.

-- we have significant intel [redacted] can leave it with you

H 02624

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- 3 US CITS involved
  - Pilot & copilot dead
  - Guard (Latino dead)
  - Kicker reported alive

- -

- Cooper has very little family of concern -- I think a daughter only
- Copilot has wife in Thailand & Father in CORRS; does have Latina girlfriend at Cincinnati & she already making calls to US. I've asked Rich to get [redacted] to turn this off. Don't think others are big problem
- Live kicker's wife is a problem but may not know much.

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N; What practical things can we do to get on w/ strategic relationship?

-- you ask for intel, we're ready to start
-- you ask for maps; we will get them
-- Certain items on your list are easier than others; we're ready to start on easier items
-- you asked today for info. I can get it.

N 02626

• In US Democracy we have perceptual problem & it is obstacle. Since is that, in order to ~~[illegible]~~ progress, we should have sked of events to present to PRES.

[redacted] US position re S. Hussein is unclear; ideas unclear [redacted] disappeared, Now the list:

128 x 155 + 500 barrels

N; Let's go by chronological order. I already started to pack 500 TOWS & remainder of I HAWK parts (285 HAWK parts .. w/ [illegible]. List of 240 & balance then explained in detail + HI-PAR RADARS. Additionally, have identified more TOWS. Pres willing to help Iran defend itself. Also these items should not be noticed by Sovs as something new & different. Arty & other eq as I indicated to [redacted] almost a year ago, anything is possible b/c we do not want to compromise ourselves or you.

[redacted] we have money today for 500 TOWS. Have changed order of priority on list of 8, HAWKS ARE #8.

N: Pres has looked at your 8 item list.

[redacted] want most for the money.

N: Pres has to set intel package. Then based on this & based on what Iran faces, and what we think Sovs would do if they became aware, prepare list of items to recommend to you. Construct is on items which would allow Iranians to seize Baghdad

V[redacted]: Tried to convince [redacted] of necessity to get [illegible] hostages in order to gain sufficient leverage (political) enable USG to help Iran get items she wants. Explain our ~~[illegible]~~ willingness to help in civil sectors as well as milit

RECOMMEND

LIKEWISE, WE DO NOT WANT TO LIE IF THE HOSTAGES ARE QUICKLY RELEASED, THE PRESIDENT WILL MOVE QUICKLY TO QUIETLY STOP MOVING AS MANY of these weapons, parts and ammo as possible, with political cover of Hostage release, we can do this.

/

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H 02628

3rd SESSION 8/0900 UNCLASSIFIED

[redacted]: Opens, stating that he thinks we have a victory and positive relations will result. [illegible] is calm. States that this new channel will supplant old one & be much better -- the Iranian side has full authority, states that they do not have authority here to discuss high political meeting. Can pick up T-72 tank, unconditionally. [redacted] will discuss details. IF NO agreement, then we go to leadership and do it fast. ISSUE OF 500 TOWS EXTREMELY IMPORTANT. WANTS HAKIM: [redacted] REMAIN BEHIND & handle TOWS.

Considers exchange of intel, T72's, TOWS as agreed. (This of course not true)

[redacted] Interrupts; since foundation of our talks rests on definition of "honorable victory", we must clarify this matter. Does it mean S. Hussein out? Military victory? Territory seizure to increase pressure? Bottom line -- we both agree that SADDAM MUST GO.

N: Responds saying we know S. Hussein must go. Cannot give exact, step-by-step sequence. Generally, outline follows those pts I gave you last nite. We need high level Gov't-to-Gov't discussions; we need to change perceptions in Arab world; we need to convince Arabs that Iran not a threat; we didn't have relations w/ Iraq before war -- would rather have relations w/you. We [illegible] to [redacted] & assure them. We cannot go forward until we remove obstacle.

[redacted] You must clearly understand the following pts are not non-negotiable. We should take both lists back, come up w/ 3rd list.

1) ~~[illegible]~~ [redacted] ~~[illegible]~~ Want time sked; & outline on how to achieve [redacted] list. All these are;

2) Iran will influence release of 1 Hostage after delivery of #1.

* correction; also with shipment of HAWK spares

3) 2 parties will set time table & plan for exchange of intel & set up location where this will take place & will evaluate situation of Iran-Iraq, [redacted] & US will provide [redacted] that Iran needs & 1,500 TOWS will be delivered.

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4) Iran will influence LEBANESE AND WILL PROMISE THEM on behalf of USG THAT KUWAIT WILL RELEASE Dawa & then 2 more US hostages are released. (Promise to be -- defined in political realm).

(Also states that other western hostages are bilateral issues -- avoid countries with broad scope program.

5) [redacted] list: Shipment will be effected based on mutually agreed pricing & quantity. Will start planning to find other 2 hostages.

6) US will contact KU & make sure no difficulties & release of prisoners will begin.

7) Wants help on Hague

Then followed [redacted] clarifications: A. Release of KU prisoners & release of remaining US hostages must be correlated. B. Parties not to be included C. Upper echelon meeting to be discussed D. RE LAHAD we leave to LEBANESE.

SUMMARY OF THE NINE POINTS WHICH WERE DELIVERED TO N.K. IN SEPT 86 BY MAJ GEN SECORD

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CARLTON HOTEL
TEL AVIV

N 02650

— OBJECTIVE OF THIS MISSION IS TO IMPROVE OUR CONTROL OF EVENTS IN THIS JOINT EFFORT TO ESTABLISH A STRATEGIC RELATIONSHIP WITH IRAN.

-- SINCE PRESIDENT MET WITH THE [illegible] LAST MONTH IN WASH, 2 developments have caused [illegible] us to ~~refocus~~ reevaluate our game plan.

-- 1) The taking of 2 new hostages [illegible]

-- 2/ [redacted]

— In the meantime, we have decided not to proceed [illegible] plan. [redacted] [illegible] until the new hostage problem is resolved and the [illegible] commitment not to take hostages is reaffirmed. We have proposed to [redacted] a [illegible] meeting. [illegible]

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— At the same time, having [illegible] that [redacted] [illegible] has decided that we should [illegible]

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N 02631

THE CARLTON HOTEL
TEL AVIV

~~TOP SECRET~~

to determine the validity of this new contact -- [redacted] of Rafsanjani (head of the Majlis). We expect to have a meeting with [redacted] and other representatives of the Iranian government in Europe or Istanbul within the next 2 weeks.

- Thus, since these developments have occurred since PM Peres' visit to Washington, the President finds it advisable to send a message to Israel with specific classified talking points and an unclassified, personal letter to the PM. The President wants clearly to convey the U.S. desire to maintain our joint US/Israel ~~approach~~ team approach in this strategic venture.

- Since we may be opening a new channel into Iran, the President wants clearly to convey his desire to maintain the joint US/Israel team approach to this project.

-- if a new channel is established Mr Nir, as your rep, will be included in the team. [illegible] [illegible] this channel would be [illegible] [illegible] the goals of both countries [illegible]

UNCLASSIFIED

N 02632

-- The President has asked ~~that~~ me to deliver to the PM a personal, ~~unclassified~~ letter which expresses his appreciation for ~~the~~ past efforts and ~~expresses~~ states his desire to continue our joint in the same ~~manner~~.

-- Obviously, the President could not include ~~all~~ the foregoing points in his letter. He chose instead to send an unclassified, signed letter and unsigned, classified talking points. ~~The~~ ~~His letter~~ By means of ~~expressing~~ his appreciation ~~conveys~~ ~~his~~ for ~~appreciation to Israel thru Mr. Kir.~~ The President reaffirms ~~the~~ his commitment to the PM that this continues to be a joint venture.

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Ex. 7

SEE SOURCE DOCUMENT VOLUME, CHAPTER 22, FOOTNOTE 10.

12 Aug 86

~~TOP SECRET~~ UNCLASSIFIED

August 20, 1986

Extracts from the Farsi page report of [redacted] dated 8-12-86

H 02606

Exhibit G-1
6-1-87
RBT

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Name:
Age:
Place of birth:
Education:
Marital Status:

[redacted] He claims having good contact with most factions. [redacted]

3. General picture of the political status (the different groups)
   1. Number one man with absolute power continues to be Khomaini. He personally supervises the work of all group leaders.

   2. After his death [redacted] could reach an agreement with Montazeri's group, they will be successful. [redacted]

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Declassified/Released on ________
under provisions of E.O. 12356
by K. Johnson, National Security Council

Partially Declassified/Released on 4-5-88
under provisions of E.O. 12356
by K. Johnson, National Security Council

5332

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SECRET

3. [redacted]

H 02607

C. Relation (or lack of it) of U.S./Iran.

A number of people at different occasions contacted different numbers of the Iraninan government (in foreign countries) trying to create some kind of relation between the two countries (more or less along the line which we are pursuing). No results.

[redacted]

D. [redacted] recommendations:

1. Do not try to contact [redacted] prematurely this will endanger him for positioning himself in the government.

2. Gain Iranians' trust by supporting them in:
   a. The Hague
   b. Military Aid
   c. Intelligence

UNCLASSIFIED SECRET 02608

about [redacted] Ghorbanifar, Israeli connection and his groups financial extravagance. Gorba- was rapidly categorized as a crook. [redacted] is wealth of current info but also volunteers to discuss hostage matter and USG connection with [redacted] during next 10 days. He will then come back out to meet with us. [redacted] stated categorically he would not screw up [redacted] efforts but would carefully examine them for feasibility. [redacted] will recommend 2 courses to a. assist in [redacted] efforts to free hostages or b. [redacted] suggests there are specific things US can do at the Hague and in Voice of America programming to help start good US/GOI dialogue -- he will give us documents in Farsi at next meeting.

3. There are specific supply matters that occur to me as worth pursuing after next meeting minimum -- I will detail these for you later. I: they like oil barter.

4. My judgement is that we have opened up a new and much better channel into Iran. this connection has been effectively recruited and wants to start dealing. Recommend you plan on attending next session along with George

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TOP SECRET

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H 02609

[redacted] claims he can be of great assistance in establishing the right relation. The Hague, he claims, is the best avenue.

NOTE: The report goes into detail regarding the above 3 items.

E.[redacted] recommendations:

> Try everything not to lose this man if he can not be a representative of [redacted]

P.S. [redacted] participated with [redacted] for release of Hostages.
The release of the rest is possible.

UNCLASSIFIED H 02610

26 AUG 86 [illegible] summary report of 3 long meetings (total circa 8hrs) with Iranian group visiting in BRUSSELS. Meetings took place 25 AUG in 3 sessions. IRANIAN SIDE was [redacted] RAFSANJANI. [redacted] our side included me (true name), ABE (true name) and [redacted] our agent. Meetings constituted comprehensive tour de force regarding Iran/Iraq war, Iranian views of US & other WESTERN policies, Soviet activities, activities of nearly all important Iran gov't figures, hostage matters, activities in THE HAGUE, and Iranian Forces equipment & logistical shortages.

2. Special interest items included claim that an "[redacted] and a "[redacted] both trying to meet with -- he declined. [redacted] is a very sharp, [redacted] (no English). claimed Rafsanjani now heads Supreme war council and aims to resume war but in more favorable military situation than currently existing. They badly need Air Defense items, Armor and Armor spares, TOWS, Gun barrels, helo spares and intel. I told them all things were negotiable if we clear hostage matter quickly. [redacted] knows great deal about MCFARLANE MSN to THR, He also knows weight.

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